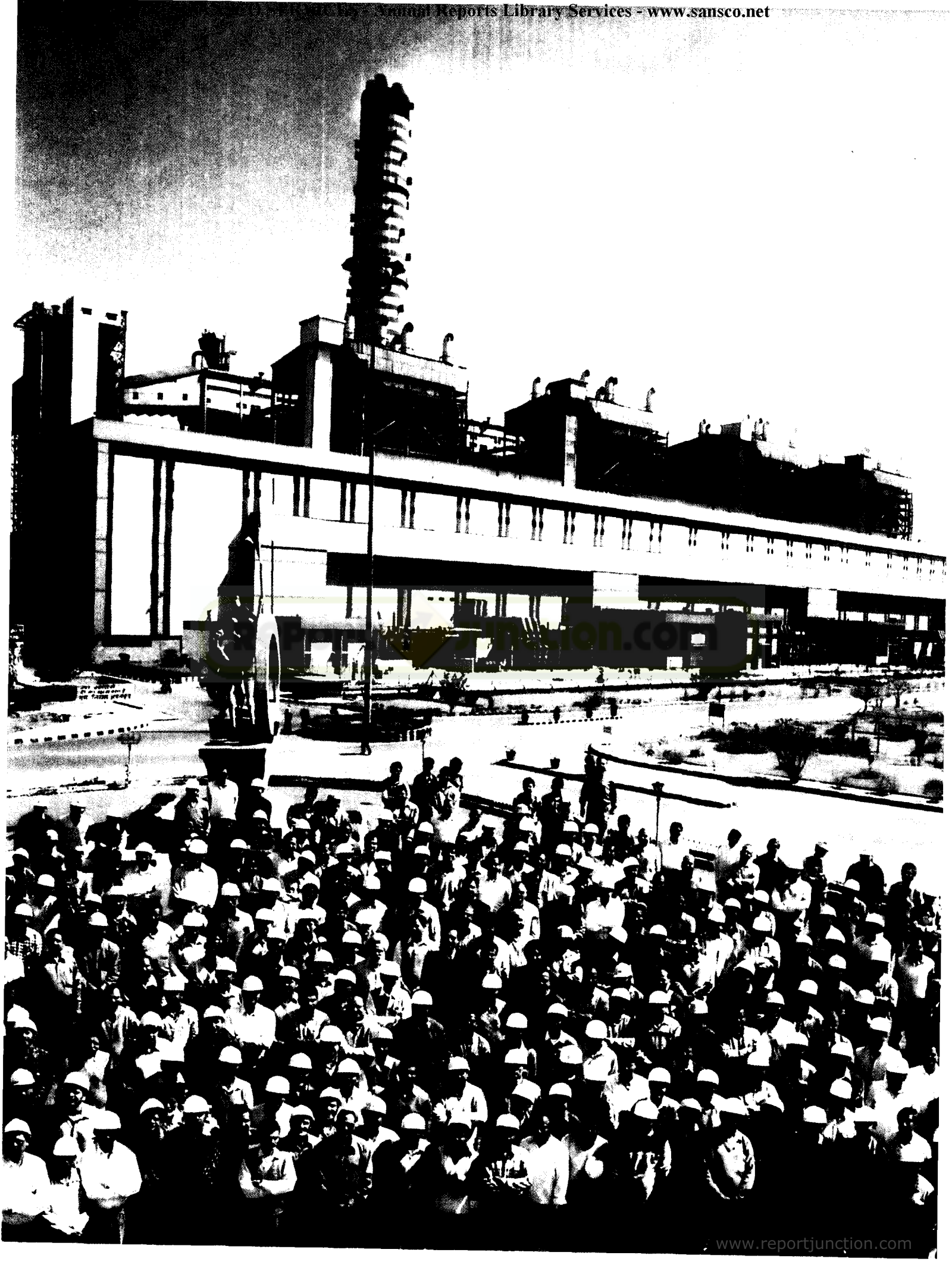




27th
Annual Report
2002-2003

National Thermal Power Corporation Limited



VISION

*To be one of the world's
largest and best power utilities,
powering India's growth.*

CORE VALUES (COMIT)

Customer Focus

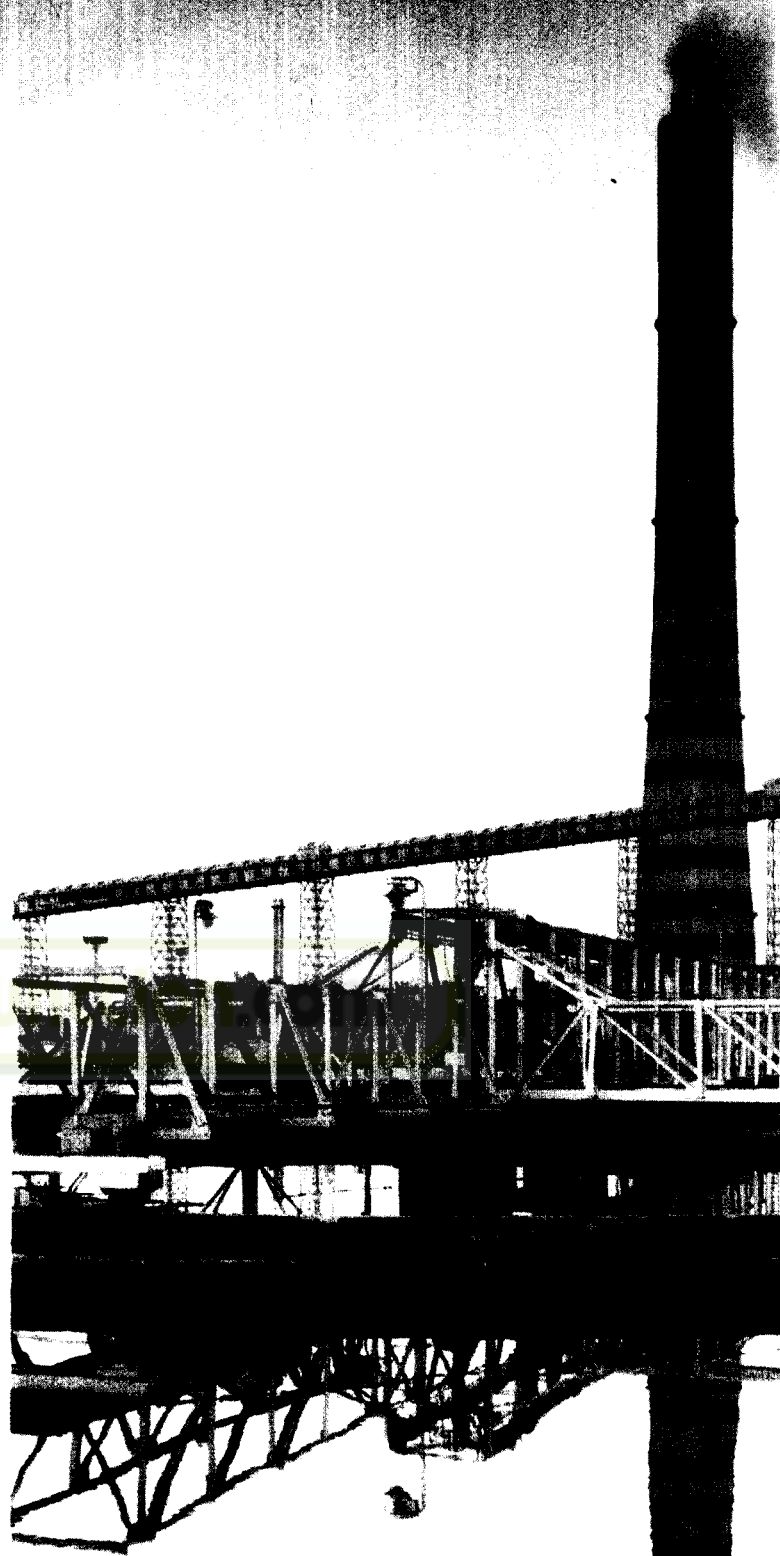
Organisational Pride

Mutual Respect and Trust

Initiative and Speed

Total Quality

- Make available reliable and quality power in increasingly large quantities at competitive prices and ensure timely realisation of revenues.
- Adopt a broad based capacity portfolio including hydro power, LNG, nuclear power, and non-conventional and eco-friendly fuels.
- Plan and speedily implement power projects using state-of-the-art technologies.
- Be an integrated utility by implementing strategic diversifications in areas such as power trading, distribution, transmission, coal mining, coal beneficiation etc.
- Develop a strong portfolio of profitable businesses in overseas markets including technical services, generation assets etc.
- Continuously attract and develop competent and committed human resources to match world standards.
- Lead fundamental and applied research for adoption of state-of-the-art technologies, breakthrough efficiency improvements and new fuels.
- Lead developmental efforts in the Indian power sector including assisting state utility reform, policy advocacy etc.
- Be a socially responsible corporate entity with thrust on environment protection, ash utilisation, community development, and energy conservation.





नेशनल थर्मल पावर कारपोरेशन लिमिटेड

(भारत सरकार का उद्यम)

केन्द्रीय कार्यालय
CORPORATE CENTRE**National Thermal Power Corporation Ltd.**

(A Government of India Enterprise)

चन्द्र प्रकाश जैन
अध्यक्ष एवं प्रबन्ध निदेशक

C. P. JAIN

Chairman & Managing Director

January 07, 2004

MR S RAVINDRAN
SPECIAL CORRESPONDENT
BUSINESS STANDARD
H/3&4 PARAGON CONDOMINIUM
OPP CENTURY MILLS, PB MARG, WORLI
MUMBAI - 400 013
INDIA

Dear Mr Ravindran,

I feel great pleasure in sending you a copy of the 27th Annual Report of NTPC covering the financial year 2002-03

During the year 2002-03, NTPC generated nearly 141 billion units i.e. 26.5% of the country's total generation with about 19% of the country's total capacity. Very importantly, NTPC accounted for 47% of the incremental annual generation in the country and it supplied power **at a highly competitive average rate of 147 paise per unit** (US Cents 3.04/ Kwh). The turnover was Rs. 199.84 billion (US \$ 4.2 billion) and the net profit was Rs. 36.07 billion (US \$ 745 million). The Net worth of NTPC on March 31, 2003 was Rs. 315.04 billion (US \$ 6.51 billion). The revenue realizations reached 99.2% during 2002-03 and they have now reached 100%.

NTPC has become a 21,749 MW Company and plans to become a 40,000 MW Company by 2012. The Company is fully geared to achieve the capacity addition target of 9370 MW during the 10th Plan and has taken steps to add another 11,818 MW during the 11th Plan.

Now, the Company is diversifying along the power-value chain and is moving ahead in the direction **of becoming a world-class integrated utility with global presence**. Upstream, we are going for coal mining and coal washeries. Downstream, we have set up a power trading subsidiary and a power distribution subsidiary. Laterally, we are setting up hydro-electric capacities directly and also through our subsidiary, NTPC Hydro Limited.

NTPC was ranked the 'Third Best Employer' in the '**Business Today - Hewitt Associates Best Employers in India 2003**' Survey among 210 enterprises operating in India. This rigorous survey found NTPC and four MNCs to be the five best employers.

I take this opportunity to acknowledge that the impressive performance of NTPC and its sound future outlook are substantially due to your invaluable support, co-operation and good wishes. I am sure that we would continue to enjoy the benefit of your continued support in the future also.

I wish you a very happy and prosperous New Year 2004.

With warm personal regards,

Yours sincerely,

(C P JAIN)

CORPORATE OBJECTIVES

In pursuance of the Vision & Mission, the following are the Corporate Objectives of NTPC:

To realise the Vision and Mission, eight key corporate objectives have been identified. These objectives would provide the link between the defined mission and the functional strategies.

Business Portfolio Growth

- To further consolidate NTPC's position as the leading thermal power generation company in India and establish a presence in hydro power segment.
- To broad base the generation mix by evaluating conventional and non-conventional sources of energy to ensure long run competitiveness and mitigate fuel risks.
- To diversify across the power value chain in India by considering backward and forward integration into areas such as power trading, transmission, distribution, coal mining, coal beneficiation, etc.
- To develop a portfolio of generation assets in international markets.
- To establish a strong services brand in the domestic and international markets.

Customer Focus

- To foster a collaborative style of working with customers, growing to be a preferred brand for supply of quality power.
- To expand the relationship with existing customers by offering a bouquet of services in addition to supply of power – e.g. trading, energy consulting, distribution consulting, management practices.
- To expand the future customer portfolio through profitable diversification into downstream businesses, *inter alia* retail distribution and direct supply.
- To ensure rapid commercial decision making, using customer specific information, with adequate concern for the interests of the customer.

Agile Corporation

- To ensure effectiveness in business decisions and responsiveness to changes in the business environment by:
 - Adopting a portfolio approach to new business development.
 - Continuous and co-ordinated assessment of the business environment to identify and respond to opportunities and threats.
 - To develop a learning organisation having knowledge-based competitive edge in current and future businesses.
 - To effectively leverage Information Technology to ensure speedy decision making across the organisation.

Performance Leadership

- To continuously improve on project execution time and cost in order to sustain long run competitiveness in generation.
- To operate & maintain NTPC stations at par with the best-run utilities in the world with respect to availability, reliability, efficiency, productivity and costs.
- To effectively leverage Information Technology to drive process

efficiencies.

- To aim for performance excellence in the diversification businesses
- To embed quality in all systems and processes.

Human Resource Development

- To enhance organisational performance by institutionalising an objective and open performance management system.
- To align individual and organisational needs and develop business leaders by implementing a career development system.
- To enhance commitment of employees by recognising and rewarding high performance.
- To build and sustain a learning organisation of competent world-class professionals.
- To institutionalise core values and create a culture of team-building, empowerment, equity, innovation and openness which would motivate employees and enable achievement of strategic objectives.

Financial Soundness

- To maintain and improve the financial soundness of NTPC by prudent management of the financial resources.
- To continuously strive to reduce the cost of capital through prudent management of deployed funds, leveraging opportunities in domestic and international financial markets.
- To develop appropriate commercial policies and processes which would ensure remunerative tariffs and minimise receivables.
- To continuously strive for reduction in cost of power generation by improving operating practices.

Sustainable Power Development

- To contribute to sustainable power development by discharging corporate social responsibilities.
- To lead the sector in the areas of resettlement and rehabilitation and environment protection including effective ash-utilisation, peripheral development and energy conservation practices.
- To lead developmental efforts in the Indian power sector through efforts at policy advocacy, assisting customers in reform, disseminating best practices in the operations and management of power plants etc.

Research and Development

- To pioneer the adoption of reliable, efficient and cost-effective technologies by carrying out fundamental and applied research in alternate fuels and technologies.
- To carry out research and development of breakthrough techniques in power plant construction and operation that can lead to more efficient, reliable and environment friendly operation of power plants in the country.
- To disseminate the technologies to other players in the sector and in the long run generating revenue through proprietary technologies.



Research & Development Centre

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AUDITORS

K. K. SONI & CO.
LAKSHMINIWAS & JAIN
B. C. JAIN & CO.
S. K. MITTAL & CO.
VARDHAMAN & CO.

COMPANY SECRETARY
ANJAN KUMAR BAJPAIE

BANKERS

ALLAHABAD BANK
ANDHRA BANK
BANK OF BARODA
CANARA BANK
CENTRAL BANK OF INDIA
DENA BANK
INDIAN BANK
INDIAN OVERSEAS BANK
ICICI BANK LTD.
JAMMU & KASHMIR BANK LTD.
ORIENTAL BANK OF COMMERCE
PUNJAB NATIONAL BANK
PUNJAB & SIND BANK

STATE BANK OF BIKANER & JAIPUR
STATE BANK OF MYSORE
STATE BANK OF HYDERABAD
STATE BANK OF INDIA
STATE BANK OF PATIALA
STATE BANK OF TRAVANCORE
STATE BANK OF SAURASHTRA
UCO BANK
UNION BANK OF INDIA
UNITED BANK OF INDIA
VIJAYA BANK

Registered Office: NTPC Bhawan, SCOPE Complex, 7 Institutional Area, Lodi Road, New Delhi-110 003

Adopted at the Twenty Seventh Annual General Meeting of the Members of the Company held on 24th September, 2003.

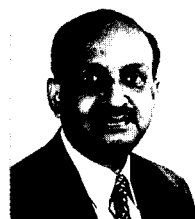
BOARD OF DIRECTORS



C.P. Jain
Chairman & Managing Director



B.N. Ojha
Director (Operations)



K.K. Sinha
Director (Human Resources)



P. Narasimhamulu
Director (Finance)



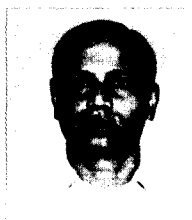
T. Sankaralingam
Director (Projects)



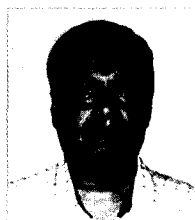
S.L. Kapur
Director (Technical)



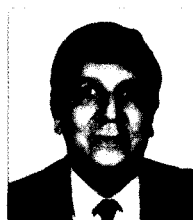
R.D. Gupta
Director (Commercial)



M. Sahoo
Part-Time Director



Ajay Shankar
Part-Time Director



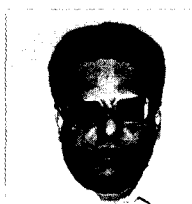
Prof. Ashok Misra
*Part - Time
Non-Official Director*



Deepak S. Parekh
*Part - Time
Non-Official Director*



Dr. R.K. Pachauri
*Part Time
Non-Official Director*

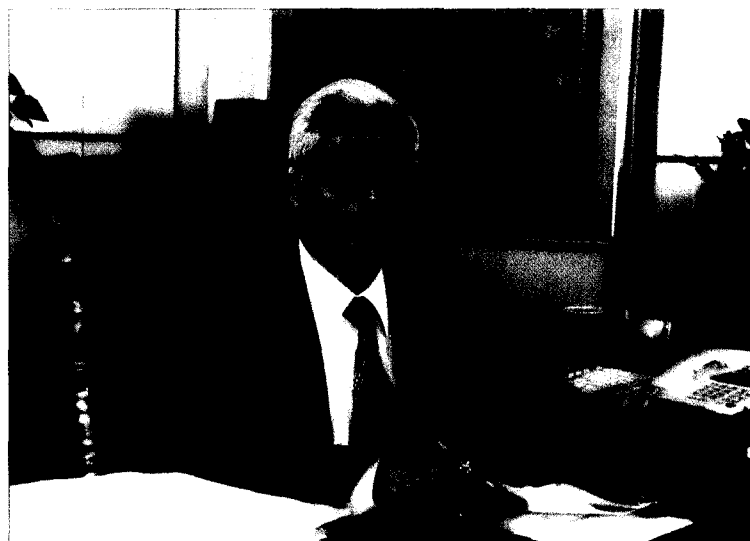


Dipak Jain
Chief Vigilance Officer

DIRECTORS' PROFILE

1. **Dr. R. K. Singh** (57 yrs), the Chairman & Managing Director of the company, has an illustrious career spanning over 37 years of valuable contribution in the fields of financial management, general management, strategic management and business leadership. He is a fellow member of the Institute of Chartered Accountants of India, holds a degree in law and an advanced Diploma in Management. He joined the Board in 1993 as Director (Finance) and was elevated as the Chairman & Managing Director of the Company w.e.f. September 2000.
2. **Dr. R. K. Singh** (59 yrs), an Electrical Engineering Graduate and a recognized power professional with over 36 years of rich experience in the power sector, joined the Board as Director (Operations) in November 1996. Before joining NTPC in April, 1980, he had worked for 14 years in different capacities in Damodar Valley Corporation.
3. **Dr. R. K. Singh** (55 yrs), Director (Human Resources) of the Company since November 1997, did his Honours graduation in Economics and a Post Graduate Degree in Personnel Management/ Labour & Social Welfare securing Gold Medal. Prior to joining NTPC he had varied work experience of about 15 years in Steel Authority of India Ltd. and Hindustan Steelworks Construction Ltd. He is a recognised thought leader on Human Resources Development and related issues like corporate citizenship.
4. **Dr. R. K. Singh** (58yrs), a Post Graduate in Commerce, Chartered Accountant and Graduate in Law is a professional with wide acumen in the areas of financial management and ethical corporate governance. He took over as the Director (Finance) of the Company in May 2001. He is in NTPC for more than two decades holding different positions in the Company. Prior to joining NTPC he had been initially in practice.
5. **Dr. R. K. Singh** (55yrs), is a Graduate in Electrical Engineering. A Power Engineer of repute with rich and varied work experience of about 26 years in NTPC in different capacities prior to his assuming charge of the Director (Projects) w.e.f. August 2001. He has worked in BHEL and Tamil Nadu Electricity Board also.
6. **Dr. R. K. Singh** (59 yrs), has an illustrious career spanning over 35 years in power sector in various responsible positions in India and Bhutan. He holds a Bachelor Degree in Electrical Engineering. Shri Kapur has held various positions in Engineering and Corporate Planning Departments of the Company, till his elevation as Director (Technical) w.e.f. June 2002.
7. **Dr. R. K. Singh** (58 yrs), Director(Commercial) of the Company since May,2003 is a Graduate in Mechanical Engineering and holds Master Degree in Business Administration. He has 36 years rich experience in power sector. Before joining NTPC he worked in Central Electricity Authority for 11 years.
8. **Dr. R. K. Singh** (49 yrs), is an IAS from Andhra Pradesh State cadre. Prior to joining Ministry of Power, Government of India, w.e.f. 1st July 2002 he has held the positions of Secretary, Finance and Secretary, Urban Development, Government of Andhra Pradesh. He is on the Board of the Company as a part-time Director nominated by the Government of India w.e.f. July 2002.
9. **Dr. R. K. Singh** (53 yrs), an IAS with post-graduate degree from Indian University as well as a Master Degree in Economics from Georgetown University of USA. He has rich experience of industrial promotion, urban development and renewal. Prior to joining Ministry of Power, Government of India as Joint Secretary, Shri Shankar held various senior positions in the Government of Uttar Pradesh and Delhi. He is on the Board of NTPC w.e.f. December 2002 as a part-time director nominated by the Government of India.
10. **Dr. R. K. Singh** (56 yrs), a Bachelor of Technology in Chemical Engineering from Indian Institute of Technology and a Master of Science in Chemical Engineering from Tufts University, USA. He also did his Master of Science and Ph.D. in Polymer Science & Engineering from University of Massachusetts, USA. Prof. Ashok Misra also successfully completed his EDP from Kellogg School of Management, Northwestern University, USA. Currently he is the Director, Indian Institute of Technology, Mumbai. He is on the Board of the Company w.e.f. February 2002 as a non-official part-time director.
11. **Dr. R. K. Singh** (58 yrs), a non-official part-time Director of the Company since May 2002, is a Fellow of the Institute of Chartered Accountants (England & Wales). He is a renowned personality in Indian Financial Sector. Currently, he is holding the position of Chairman, HDFC. Besides, Shri Parekh is the Chairman and Part-time Director on several prominent companies in India. He ceased to be Director on NTPC Board w.e.f. August 5, 2003.
12. **Dr. R. K. Singh** (63 yrs), a Padma Bhushan, joined the Board of the Company in August 2002 as a non-official part-time Director. He obtained a Master of Science in Industrial Engineering in 1972, a Ph.D in Industrial Engineering and a Ph.D in Economics from North Carolina State University, Raleigh, North Carolina, USA. He assumed his current responsibilities as the head of TERI (Tata Energy Research Institute) in 1981, first as Director and since April 2001, as Director-General.

CHAIRMAN'S STATEMENT



Gentlemen,

It is my great pleasure and privilege to welcome you to the 27th Annual General Meeting of your Company. The Company has been firmly progressing in its mission of providing reliable and quality power in large quantities at a competitive price. It has also taken up in mission-mode the task of timely realization of revenues. Your Company has been building upon its strength and has taken concrete steps to enter into new business areas in order to become an integrated utility and to create its presence in international markets. The Company has revisited its Corporate Plan. The new Corporate Plan for 2002-2017 has remodelled the approach for these initiatives in a scenario marked by major changes in the economy and in the power sector.

THE ECONOMIC SCENARIO.

The Tenth Five-Year Plan covering the period 2002 – 2007 sets an annual growth target of 8% and envisages conditions for further acceleration over the subsequent five years (2007-2012) so that there is a doubling of per capita income by the year 2012.

The major drivers of rapid growth will be (i) technology (ii) competition and (iii) benchmarking to the best international practices. India is moving towards macro-economic stability through a combination of fiscal and monetary policies. India is now one of the top emerging market economies in terms of foreign exchange-reserves and a large consumer base. The economic planning is being done with a global mindset. Based on the experience of certain other economies and the analysis of the Indian economy, it is thought feasible to have an average annual growth rate of 8% during the Tenth Plan. The different

segments of the economy also need to operate with global mindset and global comparability.

THE POWER SECTOR

Adequate infrastructure support by the power sector would serve to increase the efficiency of capital utilization in the country. The Government's programme to add generation capacity of over 1,00,000 MW and to build the required transmission and distribution infrastructure would require a massive investment of Rs. 9,00,000 cr. Thus, the development of the sector requires enormous investments.

The capacity addition target for the Tenth Plan is 41,110 MW. Out of this, 22,832 MW (55.6%) is to be done by the Central Sector. Out of this Central sector target, your Company is to add 9,370 MW, which is 22.8% of the total and 41% of the Central Sector contribution. Your Company is fully geared to play the pivotal role in the growth of the sector. However, support and timely clearance from various statutory bodies and other agencies will be necessary for achieving the capacity addition targets.

The provisions of the newly enacted Electricity Act, 2003 will have major impact on the growth and performance of the sector and of your Company. The Act throws up issues as well as opportunities for the Company. Allowing non-discriminatory open access to transmission with immediate effect and to distribution lines at a later date for use by generating companies and trading / distribution licensees and ultimately to the consumers will bring in change and competition. Provisions regarding market determined tariff with maximum / minimum

threshold and regarding tariff through competitive bidding will influence business modalities and encourage competition. Trading may also emerge as a major activity. Generators are allowed to enter distribution business. Regulators will have a very important role in infusing dynamism into the sector and ensuring flow of investment into the sector while providing really sustainable benefit to the end consumers.

The Electricity Act does provide a very sound framework. But the real success will lie in effective implementation through appropriate policies. The Union Ministry of Power has circulated a 'Discussion Paper' on tariff policy and the CERC has issued 'Discussion Papers' on terms and conditions of tariff, 'open access' and power trading.

Besides enactment of the Electricity Act, the Ministry of Power has also given a major thrust to Accelerated Power Development and Reform Programme and to rural electrification. A 50,000 MW Hydroelectric initiative has been launched by Hon'ble Prime Minister of India. The One-Time-Settlement of the dues of SEBs to CPSUs is also likely to help the sector. It will improve the balance sheets of the signatory SEBs. They can now raise resources on the strength of their improved balance sheet and thereby invest in the areas of distribution upgradation, R&M of existing plants and creation of new generation capacities.

However, the overall success of the various reform initiatives will be seen in the ability of the sector to attract and utilize adequate investment. Here, it may be noted that in totality, the cost of power in India is not high. The high level of cross subsidies makes the tariff structure rather skewed. Thus, much will depend on effective determination and realization of user charges which must cover the cost of service and provide incentives to the investors comparable to alternate investments. The success of the initiative to provide power for all by 2012 will, to a great extent, be determined by the ability of the power sector to attract fresh investments.

STRATEGIC INITIATIVES TAKEN BY NTPC

New Corporate Plan

The Company has redrafted its Corporate Plan. The new Corporate Plan for the period 2002-2017 is both, a mid-course review of the earlier Corporate Plan made for the period 1997-2012, and also a new road-map chalked out in view of emerging changes, issues and opportunities in the sector.

The new 'Corporate Mission' contains new directions and it also underlines more firmly certain initiatives already taken by the Company. Some elements of the Mission Statement are:

- Adopt a broad-based capacity portfolio including hydropower, LNG, nuclear power, and non-conventional and eco-friendly fuels.

- Be an integrated utility by implementing strategic diversifications in areas such as power trading, distribution, transmission, coal mining, coal beneficiation, etc.
- Develop a strong portfolio of profitable businesses in overseas markets including technical services, generation assets etc.
- Lead fundamental and applied research for adoption of state-of-the-art technologies, breakthrough efficiency improvements and new fuels.
- Lead developmental efforts in the Indian power sector including assisting state utility reform, policy advocacy etc.

In order to realize the Mission, the Company has laid down its objectives in the areas of (i) business portfolio growth, (ii) customer focus (iii) making the corporation agile (iv) performance leadership (v) human resources development (vi) financial soundness (vii) sustainable power development and (viii) research & development.

Integration

The gradual opening up of the sector, now being facilitated by the Electricity Act 2003, presents new business opportunities. These opportunities need to be exploited by the Company in order to strengthen its competitive advantage in generation and to allow growth opportunities to its workforce while leveraging its skills.

By way of **backward integration**, your Company is diversifying into captive coal mining. The objective is to fill the gaps in fuel availability to NTPC plants as an internal fuel security measure and also to attempt a better price benchmark.

In order to improve gas availability for the existing plants and to ensure gas availability for the expansion projects, your Company has initiated the process of international competitive bidding for LNG, its regassification and transportation. Your Company would consider investing a minimum of 26% in the regassification ventures and may also consider investment in associated liquefaction terminals.

By way of **forward integration**, your Company is entering into the business of distribution and trading of power. Your Company has set up a wholly owned subsidiary '**NTPC Electric Supply Company Limited**' for establishing its presence in distribution and is in process of identifying and acquiring appropriate distribution segments.

In view of the expected increase in the volume of energy trading, your Company has set up a wholly owned subsidiary '**NTPC Vidyut Vyapar Nigam Limited**'. In the long run, the Company contemplates to establish a national power exchange utilizing state-of-the-art technology

By way of **lateral integration**, the Company has set up a wholly owned subsidiary '**NTPC Hydro Limited**' to carry out the business of implementing and operating small and medium hydro power projects with less than 250 MW capacity. This subsidiary has been given the 108 MW Lata Tapovan Project by the Uttaranchal Government. This is in addition to the direct hydro capacity development by NTPC at Koldam (800 MW), Loharinag Pala (520 MW) and Tapovan Vishnugad (360 MW). New capacity addition is also being planned under joint ventures with SAIL at Bhilai (500 MW), with Railways at Nabinagar (1000 MW), and with the Tamil Nadu Electricity Board at Ennore (1000 MW).

NTPC in the Global Market

In view of the significant demand for EPC, O&M and R&M related services in domestic and international markets, the Company is seeking strategic alliances with reputed international players. It has also joined hands with BHEL for executing contracts abroad. NTPC has joined in expression of interest as power plant service provider in Algeria, Oman, Saudi Arabia and Iran in an effort to expand its business to international boundaries towards its goal of becoming an Indian MNC.

Other Initiatives

In order to give a quantum thrust to its research & development activities, the Company has decided to set up a 'Power Technology & Research Centre', which would conduct research in alternate fuels, non-conventional energy resources and new technologies. Blending R&D with Corporate Social Responsibility, the proposed Centre will develop commercial options for distributed power generation. The Company has decided to earmark 0.5% of its profits for R&D activities.

The Company is also examining the feasibility of setting up a 100 MW IGCC demonstration plant based on domestic coal at its Dadri power station with the association of USAID and also with the association of BHEL at one of its power stations.

The Company is also an active member of National R&D Committee constituted by the Principal Scientific Advisor to the Government of India for development of indigenous IGCC technology suitable for Indian coal.

Your Company has begun the implementation phase of the corporate transformation project called '**DISHA**' with the help of M/s A.T. Kearney. As part of the Project DISHA, the Company has initiated an Enterprise Resource Planning (ERP) project called '**LAKSHYA**'. The ERP initiative is likely to impart a cutting edge to the Company in terms of increased efficiency, quicker response to stakeholders' demands and flexibility as well as transparency of decisions.

ALL ROUND PERFORMANCE Capacity Addition

The Company has 5800 MW capacity under construction, which is the highest simultaneous construction activity so far undertaken by the Company. In addition to this, orders are going to be placed in a month or two for 1710 MW capacity. Further, bids have already been invited for 3960 MW capacity. Work is likely to commence within a year on setting up 1500 MW capacity in joint-ventures with SAIL (500 MW) and Railways (1000 MW) respectively. This is by far the largest capacity addition endeavour for the Company and also for any organization in the sector.

The initiatives of your Company are primarily based upon the confidence generated by its sustained performance at high levels. The performance during the year 2002-03 has been in keeping with the company's robust track record. Some of the highlights are:

- Turnover of Rs. 199.84 billion (US \$ 4.129 billion).
- Net Profit of Rs. 36.07 billion (US \$ 745 Million).
- Generation of 140,868 Billion Units (TWh), which is 5.76% higher than the generation during 2001-2002. The Company contributed over 47% of the incremental annual generation of the country.
- Contributing 26.51% of the entire country's generation with only 19.44% of national capacity.
- Highest ever Plant Load Factor of 83.6% against the all India average of 72.1%.
- Providing power at highly competitive average tariff of 147.12 paise / KWh (US Cents 3.04 / KWh).
- Much improved current realisation of 92.3% in 2002-03, which further increased to 99.3% during April-August 2003.
- Dividend paid and proposed Rs. 7.08 billion for the year (US\$ 146.296 million).
- Net worth of the Company as on 31 March 2003 was Rs. 315.04 billion (US \$ 6,509 billion).

This kind of sustained performance and continuous improvement is an outcome of well planned measures taken to reduce project-implementation-time-cycle, adoption of best operation and maintenance practices and several other steps taken in different areas. The strategy of expanding the capacity in existing projects has also helped in reducing project implementation cost and time. This ultimately means power availability at lesser price to the consumer.

Under its comprehensive Corporate Mission, your Company has been contributing to India's power supply while taking



significant initiatives in the areas of Corporate Social Responsibility. Your Company has developed global linkages and standards in these areas too. The Company is committed to the principles of the Global Compact under the United Nations. The contribution of the Company has been acknowledged by the most esteemed agencies and forums. Some major awards given to the Company in the areas of environment management and Corporate Social Responsibility include:

- **US Environment Protection Agency's 'Climate Protection Award'** for the year 2003 won by NTPC's Centre for Power Efficiency & Environmental Protection (CENPEEP).
- The **'Climate Technology Initiative (CTI) Award'** by CTI, an initiative of the **International Energy Agency (IEA) and OECD countries also won by CENPEEP.**
- **'ICC - UNEP World Summit Business Award for Sustainable Development Partnership'** for promoting Sustainable Energy Development.
- The **'Platts Global Energy Award for Community Development'** as the best organization in 'Community Development'.
- **'Shell Helen Keller Award 2002'** given by the National Centre for Promotion of Employment for Disabled People.
- **TERI's 'Corporate Social Responsibility Award'** for year 2003.

For NTPC, Corporate Social Responsibility includes adherence to principles of corporate governance. Besides having established appropriate systems much before they were made mandatory under statutes, the Company has been continuously sensitizing and educating its employees about the need for value based and transparent working through training programmes, workshops and administrative measures.

This kind of all round contribution to, and excellence in, various areas on a sustained basis has been made possible by the dedication and commitment of the employees of your Company. The Company has been taking a number of HR initiatives based upon the four foundation blocks of (i) competency (ii) commitment (iii) culture and (iv) system. Development centres, 360 degrees feed back for business leaders on voluntary basis, psychometric tests for all new recruits, learning initiatives like Professional Circles, Mentoring System, values actualization drive and such other activities have been strengthening our progressive HR interventions. A new performance management system has been introduced. The cumulative impact of all these activities results in higher productivity and employee morale. Last year, I shared with you that an intensive organizational climate survey in the Company had indicated very high sense of organizational pride among the employees. I am glad to share

with you that this year, this sense of pride and fulfillment has been acknowledged in a rigorous and extensive comparison of 220 major companies operating in India by **'Business Today and Hewitt Associates Best Employers in India 2003' Survey**. NTPC has been **ranked third best employer**. Indian operations of leading MNCs like Procter & Gamble, American Express, Johnson & Johnson, and Glaxo SmithKline Healthcare are the other Companies among the top five. The survey has rated the Company very high in terms of senior leadership commitment to employees, people practices, commitment to employee learning and development, adherence to strong values, employee participation, paying close attention to employees' quality of life, positive perception of employees about the Company and business alignment of HR policies. The survey revealed that the employees feel proud of the organization and are highly dedicated to do the very best possible to contribute to the organization's success. This vindication of our faith in the commitment of our employees gives us greater confidence to move ahead and realize our ambitious targets. I wish to place on record my appreciation for the hard work put in and the commitment demonstrated by the members of the NTPC team.

I want to express our thanks to the State Governments, State Electricity Boards and successor utilities, our consultancy clients and other associates who have reposed confidence in the Company. I express my sincere gratitude and appreciation for all fellow members on the Board for their invaluable support and contribution. We gratefully acknowledge the guidance and support we have been receiving from the Union Ministry of Power, the Central Electricity Authority and other departments of the Government of India. We are grateful to the Central Electricity Regulatory Commission for its initiatives to impart grid discipline, systematize power regulation when necessary, and for other measures to improve the working of the sector. We are thankful to the banks, financial institutions and lending agencies who have provided us with the financial resources. We also thank the statutory auditors of the Company and the Comptroller and Auditor General of India for their constructive suggestions.

I take this opportunity to assure all the stakeholders that NTPC is firmly on course to a brighter future and thereby enhance its contribution to the growth of the power sector and the Indian economy.

(C.P. JAIN)

CHAIRMAN & MANAGING DIRECTOR
NATIONAL THERMAL POWER
CORPORATION LIMITED

Date: September 24, 2003

AWARDS & ACCOLADES

No.	Award	Instituted By	Conferred on/at
1.	Climate Protection Award - 2003 to CENPEEP of NTPC	US Environmental Protection Agency	Award received on April 22, 2003 at Washington, D.C.
2.	Hewitts Best Employer Award - 2003 NTPC ranked 3 rd amongst the 25 Best Employers of the Country	Hewitt Associates and Business Today	Award presented on August 29, 2003 in Mumbai
3.	ICC-UNEP World Summit Business Award for Sustainable Development Partnerships	International Chamber of Commerce (ICC) & United Nations Environment Programme (UNEP)	World Summit on Sustainable Development, Johannesburg, August 26, 2002 to September 4, 2002
4.	Golden Peacock Award for Excellence in Corporate Governance	World Council for Corporate Governance in association with Centre for Corporate Governance & Institute of Directors.	September 28, 2002
5.	World Climate Technology Award - 2002 to CENPEEP of NTPC	Climate Technology Initiative (CTI) - An Initiative of IEA and OECD Countries under UNFCCC.	October 2002
6.	Platts Global Energy Award - 2002 for Community Development programme of the year	Platts, one of the world's largest and most authoritative provider of energy information research and marketing services.	New York, on November 18, 2002
7.	The NCPEDP Shell Helen Keller Award - 2002 in Organization Category	National Center of Promotion for Employment for Disabled People (NCPEDP) - a trust established by Rajiv Gandhi Foundation	December 2, 2002 at India Habitat Centre
8.	Best HR Practices - 2002 Award	Indian Society of Training and Development	December 2002
9.	CoRE-BCSD Corporate Social Responsibility Award 2001 - 2002	TERI - A unique developing country institution deeply committed to every aspect of sustainable development	On February 6, 2003 at India Habitat Centre



Climate Protection Award 2003 of US - EPA



Hewitt-Business Today Best Employers Award - 2003



Shell Helen Keller Award



CoRE-BCSD Corporate Social Responsibility Award

No. Award	Instituted By	Conferred on/at
10. SCOPE Institutional Excellence Award Gold Trophy for Year 2000-2001	Standing Conference of Public Enterprises (SCOPE) - An apex professional organization representing the Central/ State Public Enterprises/ Banks and other Institutions	Awarded on April 5, 2003 by Hon'ble President of India at Vigyan Bhawan, New Delhi.
11. Prime Minister's Shram Awards - 2002 to the following NTPC employees Shram Bhushan A team comprising S/Shri Vishnu Kant Singh Kushwah and Manjeet Singh (Jointly) of National Capital Power Station (NCTPP)-Dadri Shram Vir A team comprising S/Shri Sarbada Mishra and Pancham Prasad (Jointly) of Singrauli Super Thermal Power Station	Ministry of Labour	Announced on January 26, 2003
12. World HRD Congress - Organization with innovative HR Practices Award	World HRD Congress, which is monitored by an advisory council and organizing committee under the chairmanship of Director (HR), Bennett Coleman & Company Ltd.	Award received at World HRD Congress on January 30, 2003
13. International Convention of Quality Control Circle Awards (ICQCC-2002)	M/s Quality Circle Forum of India	Valedictory function of the 27th ICQCC 2002, December 17-19, 2002, at Lucknow
14. Award for Excellence in Infrastructure-2002 in Organization Category	Confederation of Indian Industry (CII)	February 8, 2003 at the Awards nite of the Indian Infrastructure Show
15. National Safety Awards - 2002 won by NTPC for the following projects: Anta, Auraiya, Kawas, Faridabad, Jhanor - Ghandhar, Korba, Kahalgaon, Farakka	British Safety Council	
16. Golden Peacock Eco-Innovation Award - 2003 • Tanda Environment Management Award - 2003 for Power Sector • Badarpur	World Environment Foundation	Award received on June 14, 2003 at Palampur on occasion of 5th World Congress on Environment Management
17. Golden Peacock National Training Award - 2003	Institute of Directors (IOD)	Award presented on August 18, 2003 on IOD Foundation Day at India International Centre



SCOPE Institutional Excellence Award



Prime Minister's Shram Award to NTPC Employee



Award for Excellence in Infrastructure by CII



Golden Peacock National Training Award 2003

STATIONWISE GENERATION IN 2002-2003

STATION	CAPACITY (MW)	GEN. (MU) GROSS
Northern Region	4280	32283
SINGRAULI	2000	16164
RIHAND	1000	7751
UNCHAHAR	840	6149
TANDA	440	2219
National Capital Region	3152	20978
DADRI-COAL	840	6038
ANTA	413	2758
AURIAYA	652	4268
DADRI-GAS	817	5211
FARIDABAD	430	2703
Western Region	5653	40965
KORBA	2100	16461
VINDHYACHAL	2260	16931
KAWAS	645	4203
JHANOR-GANDHAR	648	3370
Eastern Region	4400	22715
FARAKKA	1600	8948
KAHALGAON	840	4990
TALCHER (KANIHA)	1500	6523
TALCHER (THERMAL)	460	2254
Southern Region	3450	23927
RAMAGUNDAM	2100	16837
SIMHADRI	1000	4972
KAYAMKULAM	350	2118
Total	20935	140868

POWER STATION MANAGED BY NTPC

BADARPUR	705	5280
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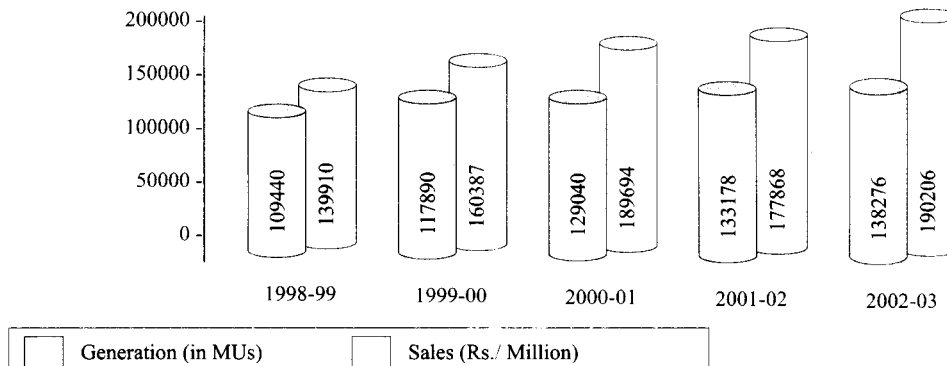
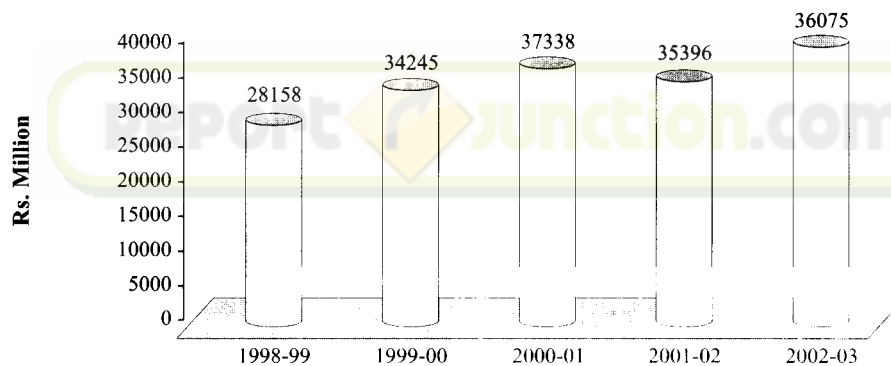
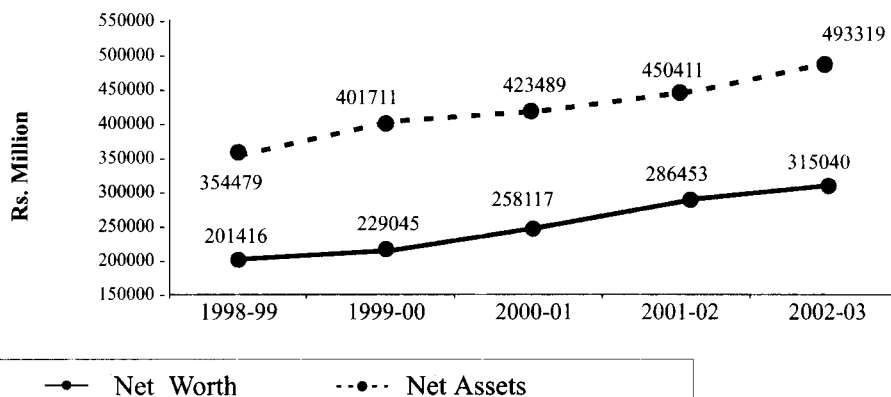
SELECTED FINANCIAL INFORMATION

	Rs. million				
	2002-03	2001-02	2000-01	1999-00	1998-99
A) Operating Income					
Earned from					
Sale of Energy	190206	177868	189694	160387	139910
Consultancy & Other Income	4305	7010	9360	7298	3129
Total	194511	184878	199054	167685	143039
Paid & Provided for					
Fuel	110312	103991	99342	80051	66725
Employees Remuneration & Benefits	8213	8036	7640	6212	4763
Repair & Maintenance	6075	6249	5910	5251	4613
Administration, Other Overhead Expenses & Provisions (Net)	6361	7120	10485	8660	6965
Prior Period & Extra Ordinary Items	803	(500)	798	544	119
Profit before Depreciation, Interest & Finance Charges and Tax	62747	59982	74879	66967	59854
Depreciation	15291	13784	23223	20831	19863
Profit before Interest & Finance Charges and Tax	47456	46198	51656	46136	39991
Interest & Finance Cost	9916	8677	10918	9828	10830
Profit before tax	37540	37521	40738	36308	29161
Tax (Net)	1465	2125	3400	2063	1003
Profit after tax	36075	35396	37338	34245	28158
Dividend	7080	7079	7470	6500	6500
Dividend tax	395	0	762	1100	715
Retained Profit	28600	28317	29106	26645	20943
B) What is Owned					
Gross Fixed Assets	366106	328912	323073	284738	252108
Less : Depreciation	167456	152131	138416	114403	92988
Net block	198650	176781	184657	170335	159120
Capital Work-in-progress, Construction					
Stores & Advances	63863	65550	38161	50552	46365
Investments	36674	40281	39915	9016	3043
Current Assets, Loans & Advances	194132	167799	160756	171808	145951
Total Net Assets	493319	450411	423489	401711	354479
C) What is Owed					
Long Term Loans	127090	113161	96364	97521	94229
Working Capital Loans	5067	2651	1683	3253	2196
Current Liabilities & Provisions	45850	48146	67324	71893	56638
Total Liabilities	178007	163958	165371	172667	153063
D) Net Worth					
Share Capital	78125	78125	78125	78125	77125
Reserves & Surpluses	237002	208400	180082	150979	124333
Less: Miscellaneous Expenditure	87	72	90	59	42
(To the extent not written off or adjusted)					
Net Worth	315040	286453	258117	229045	201416
E) Capital Employed	386343	356526	330452	297604	271581
F) Value Added	88084	80889	103343	91159	76329
G) No. of Shares	7812549400	78125494	78125494	78125494	77125494
H) No. of Employees *	21408	21383	21289	21265	20798
I) Ratios					
Return on Capital Employed (%)	10.88	11.93	13.63	13.86	13.37
Return on Net Worth (%)	12.13	12.98	14.75	14.97	14.13
Net Worth per Share (Rs.)	40.32	3666.58	3303.88	2931.76	2611.54
Current Ratio	4.23	3.49	2.39	2.39	2.58
Debt to Equity	0.42	0.40	0.38	0.44	0.48
Value Added / Employee (Rs.Million)	4.11	3.78	4.85	4.29	3.67

*Excluding BTPS, BALCO and Joint Venture Companies.

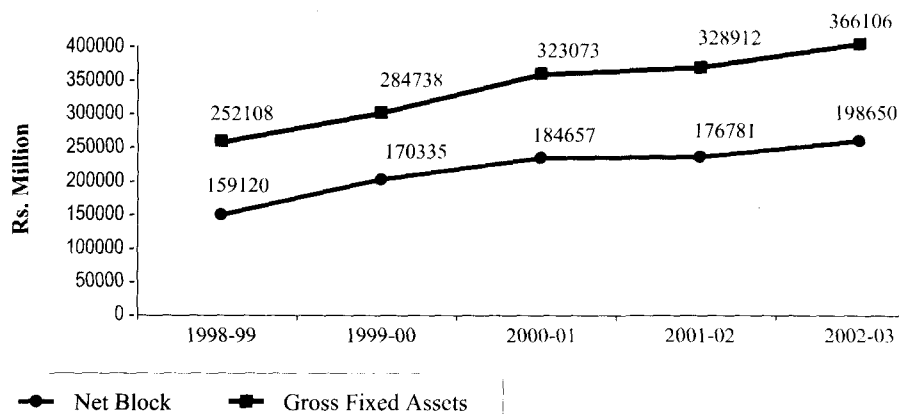
THE YEAR AT A GLANCE

	UNITS	2003	2002
Generation	Million Units	138276	133178
Sale of energy	Rs. Million	190206	177868
Profit before tax	"	37540	37521
Profit after tax	"	36075	35396
Dividend	"	7080	7079
Dividend Tax	"	395	-
Retained earning	"	28600	28317
Net fixed assets	"	198650	176781
Net worth	"	315040	286453
Loan Funds	"	132157	115812
Capital employed	"	386343	356526
Value added	"	88084	80889
Ratios :			
Debt to equity	-	0.42	0.40
Return on Capital employed	%	10.88	11.93
No. of employees	Nos.	23527	23972
Value added per employee	Rs. Million	4.11	3.80
Face value per share	Rs.	10.00	1000.00
Earning per share	Rs.	4.62	453.07
Dividend per share	Rs.	0.91	90.61
Book value per share	Rs.	40.32	3666.58

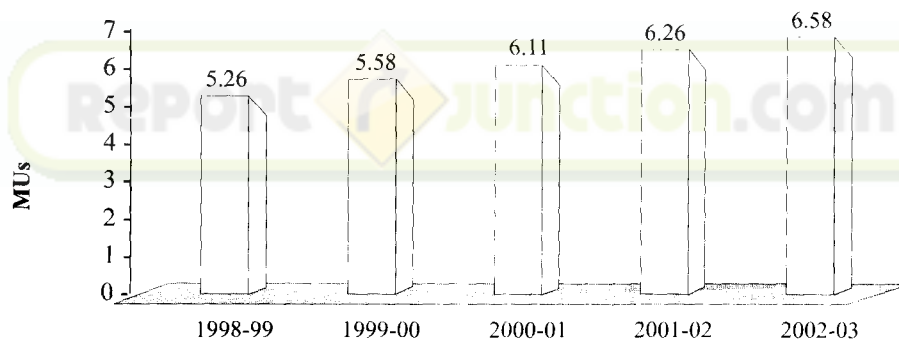
GENERATION AND SALES**PROFIT AFTER TAX****NET WORTH & NET ASSETS**

**27th
Annual
Report**

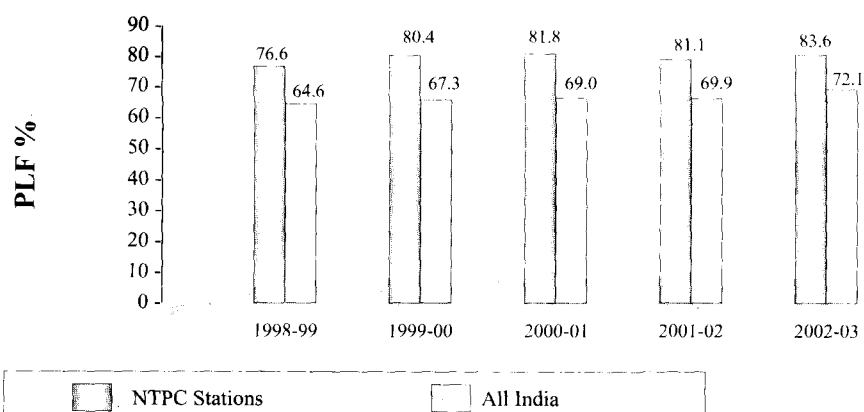
NET BLOCK & GROSS FIXED ASSETS

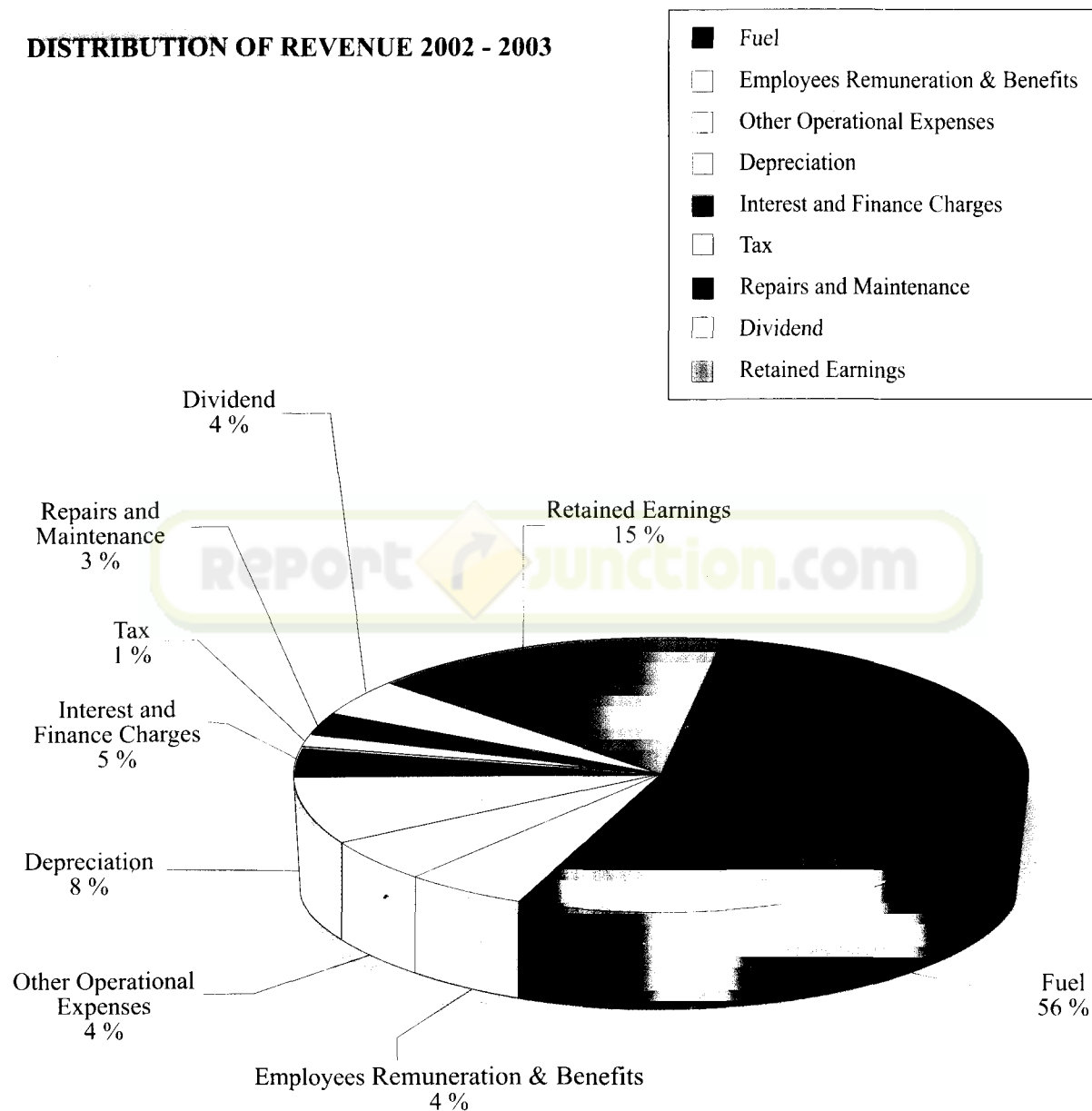


GENERATION PER EMPLOYEE



PLF COMPARISON OF NTPC STATIONS vs ALL INDIA



DISTRIBUTION OF REVENUE 2002 - 2003

DIRECTORS' REPORT

Dear Members,

On behalf of the Board of Directors, it is my privilege to present the 27th Annual Report on the performance of your company during the financial year ended 31st March 2003 along with audited Statement of Accounts, Auditors' Report and Review of the Accounts by the Comptroller and Auditor General of India.

FINANCIAL RESULTS

	Rs. Million	
	2002-03	2001-02
Gross Revenue	194511	184878
Gross Profit	65117	61211
Less:		
Interest	9916	8677
Depreciation	15291	13784
Provisions (Net)	1567	1729
Prior Period Adjustments (Net)	803	1
Extra Ordinary Items – Capital Receipts	—	(501)
Provision for taxation (including deferred tax of Rs.1 million)	1465	2125
Net Profit after tax	36075	35396
Appropriations:		
Transfer to Bonds Redemption	1815	373
Proposed Dividend	7080	7079
Tax on Dividend	395	0
Transfer to General Reserve	27500	30000
Transfer to Capital Reserve	100	506

Net profit after tax has increased by Rs.679 million over the previous year.

TURNOVER

Physical

You would be happy to know that your Company maintained its position as the largest generator of electricity in the country. During the year your company has generated more than one fourth (26.51%) of the total electricity generated in the country with less than one fifth (19.44%) of India's total generation capacity. NTPC's Coal and Gas-based stations generated 138.28 billion units of electricity as compared to the previous year's generation of 133.18 billion units - an increase of 3.8% over the previous year.

Financial

Overall sales figures, marking an increase of 6.9% on year-to-year basis, are as under :-

	Rs. Million	
	2002-03	2001-02
Energy Sales including energy internally consumed	190206	177868
Consultancy, Project Management and Supervision Fees (including turnkey construction project)	269	285
	190475	178153

REALISATION

During the year under review, realisation of dues improved substantially to 92.3% from 76.7% during the previous year. Implementation of the One-Time Settlement Scheme has helped in improvement of realisation which has gone up to 97.6% during July 2002-March 2003. Letters of Credit (LC) opened by State Power Utilities have also increased to Rs.18543 million from Rs.12426 million available on 31st March 2002. Present LC coverage is adequate to cover monthly billing.

MOU PERFORMANCE

During 2002-03, the company has yet again surpassed the targets set for it under the Memorandum of Understanding (MOU) with the Govt. In April 2003 NTPC has received 'Merit Certificate' for excellence in achievement of MOU targets for the year 2001-02.

DIVIDEND

Rs.4000 million was paid as interim dividend during the year 2002-03. Your Directors are happy to recommend final dividend of Rs.3080 million for the year. Thus, the total dividend works out to Rs.7080 million.



Dividend Presentation

MANAGEMENT DISCUSSION AND ANALYSIS

A report on Management Discussion and Analysis is at Annexure-I.

CORPORATE GOVERNANCE

A report on Corporate Governance is given at Annexure-II.

OPERATIONAL PERFORMANCE

The coal-based stations achieved a Plant Load Factor (PLF) of 83.6%, the highest ever since inception. The PLF would have been much higher if NTPC's stations in Eastern Region were not forced to back down generation due to grid restriction. The PLF has consistently shown a trend of surpassing past achievements year after year. Considering the large capacity base of 20,497 MW with some of the units being as old as 22 years, this performance assumes significance.

NTPC has progressively shifted towards condition based maintenance with the strategic partnerships established with world renowned organizations like EPRI and TVA through their collaborative efforts with USAID. This could help it to achieve high availability factor and loading factor at its various power stations. This has resulted in exemplary performance in respect of PLF and Availability. With various performance enhancement initiatives, NTPC could also achieve excellent performance with respect to other operational parameters such as Heat Rate, Auxiliary Power Consumption, Specific Fuel Consumption. The structured and well-engineered R&M schemes of the old vintage units undertaken by NTPC will help in sustaining the high performance through the years.

CAPACITY ADDITION

During the year 2002-03, one unit of 500 MW each at Simhadri and Talcher Projects were commissioned ahead of schedule. Thus, the total generation capacity of the Company has increased from 19,935 MW to 20,935 MW.

PROJECT IMPLEMENTATION

Through judicious project planning and packaging as well as continuous innovative and pro-active approach in project implementation, NTPC has successfully synchronized during the year one 500 MW unit at Simhadri Project and the first unit of identical capacity at Talcher Project under Stage-II in 39 months, setting a national benchmark in power project execution. Progressive reduction in project execution period has resulted in substantial saving in the overall cost of the project. A comprehensive Business Process Re-engineering exercise is under way to face the emerging challenges of continual cost reduction and improvement in engineering deliveries.

ORGANISATIONAL TRANSFORMATION

With the objective of positioning NTPC as a premier and competitive power utility of international standards and to maximize the value of its equity, a comprehensive organization transformation project has been undertaken availing of the services of M/s A.T. Kearney, a reputed global management consultancy firm.

Phase-I of this Project covering diagnostic studies and preparing a roadmap for transformation has been completed. Organization-wide implementation of the recommendations of the Management Consultant has also commenced under Phase-II.

CORPORATE PLAN

In tune with the transformation roadmap, the Corporate Plan of NTPC for the period 1997-2012 has been updated to 2002-2017 and the updated Corporate Plan has been approved by your Board of Directors. The updated plan envisages a total installed capacity of 56,000 MW comprising 42,000 MW coal and gas based capacity, 11,000 MW hydel capacity, 2000 MW nuclear capacity and 1000 MW from non-conventional sources. The ownership profile of the total planned capacity addition comprises 48,000 MW on Company's own Balance Sheet, 6,000 MW through Joint Ventures, 1,000 MW through Domestic Subsidiaries and another 1,000 MW through Overseas Ventures. The plan also envisages NTPC's presence in coal mining, washeries, LNG, power distribution and trading businesses. Further, major thrust has been laid on Research & Development and Integrated Enterprise Resource Planning. In essence, by 2017 NTPC aims to have presence in many countries through different business vehicles and a combined group annual turnover of Rs.1400 billion.

NTPC has adopted a multi-pronged growth strategy to reach the desired goals by the year 2017. The strategy, inter-alia, includes capacity addition through greenfield projects, expansion of existing stations, joint ventures. Further, new business opportunities are being continuously explored through environment scanning.



Infrastructural facilities being inaugurated at Barh

CAPACITY ADDITION PLAN

NTPC has planned to add a capacity of 9,370 MW during X Plan period and 11,210 MW during XI Plan period as per table given below:

(Figures in MW)

Project / State	Capacity	X Plan (2002-07)	XI Plan (2007-12)
APPROVED AND ONGOING PROJECTS			
Simhadri / Andhra Pradesh	1,000	500	-
Talcher-II / Orissa	2,000	2,000	-
Ramagundam -III / Andhra Pradesh	500	500	-
Rihand-II / Uttar Pradesh	1,000	1,000	-
Vindhyachal-III / Madhya Pradesh	1,000	1,000	-
Kahalgaoon-II Phase-I / Bihar	1,000	1,000	-
Koldam (Hydro) / Himachal Pradesh	800		800
Total		6,000	800
NEW PROJECTS			
Main Plant Bids invited			
Unchahar-III / Uttar Pradesh	210	210	-
Kahalgaoon-II Phase-II / Bihar	500	500	-
Sipat-II / Chhattisgarh	1,000	1,000	-
Sipat-I / Chhattisgarh	1,980	660	1,320
Barh / Bihar	1,980	-	1,980
Total	5,670	2,370	3,300
OTHER PROJECTS			
North Karanpura / Jharkhand	1,980	-	1,980
Kawas-II / Gujarat	1,300	-	1,300
Gandhar-II / Gujarat	1,300	-	1,300
Loharinag Pala (Hydro) / Uttaranchal	520	-	520
Tapoban Vishnugad (Hydro) / Uttaranchal	360	-	360
Kayamkulam-II / Kerala	1,950	-	650
JOINT VENTURE PROJECTS			
Railway JV- Nabinagar / Bihar	1,000	500	500
SAIL JV-Bhilai / Chhattisgarh	500	500	-
JV with TNEB – Ennore / Tamil Nadu	1,000	-	500
Total (New)		3,370	10,410
GRAND TOTAL		9,370	11,210

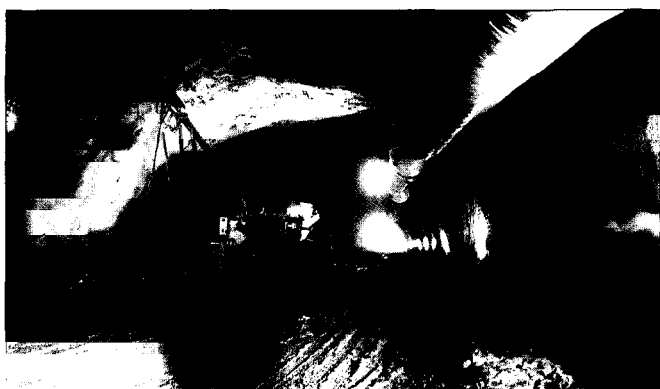
Out of the capacity of 9370 MW planned during X Plan, 1000 MW has already been commissioned. Currently, your Company is simultaneously executing five coal-based expansion projects at Talcher, Ramagundam, Rihand, Vindhyachal and Kahalgaoon setting up a total of 10 units of 500 MW each. These projects are expected to be completed in stages during the X Plan i.e. by the year 2007 adding 5000 MW capacity. Besides, at the Koldam Hydro Electric Project four units of 200 MW each are being set up. Construction activities in all these projects are in different stages and are progressing satisfactorily.

Keeping in view CERC's tariff norms, which has substantially affected NTPC's internal resource generation, capacity

addition from new projects is subject to resource gap being met by appropriate modality. Necessary financial tie-ups for implementation of these projects are being made.

All these projects will require timely clearances and approvals including environmental clearance before start of work. These clearances are being vigorously followed up with the respective agencies with requests to accord the clearances/approvals matching with the project schedules.

The Company has initiated necessary action for international competitive bidding to procure five MTPA of LNG for the gas projects' expansion. Bids received are under techno commercial evaluation and the award is likely to be placed by January 2004.



Tunnel work nearing completion at Koldam

HYDRO POWER INITIATIVE

Koldam Hydro Power Project

The Central Electricity Authority (CEA) has accorded revised Techno-economic clearance for Koldam Hydro Power Project (4x200 MW). Despite being a new area of activity for NTPC, day lighting of diversion tunnel, a major activity in Hydel Project construction, has been completed ahead of schedule in keeping with the tradition of NTPC. The tunnels are targeted to be ready for river diversion by early 2004. Various other activities in relation to this project are progressing satisfactorily. This project is expected to be completed during the early part of XI Plan.

Tapovan Vishnugad and Loharinag-Pala

The Company has entered into a Memorandum of Understanding (MOU) with the State Government of Uttaranchal for development of Tapovan Vishnugad (360 MW) and Loharinag-Pala (520 MW) Hydel Power Projects. Detailed survey and investigation for both the projects for preparation of Detailed Project Report and establishment of techno-economic viability have already commenced. These Projects are expected to be completed during the XI Plan period.



MOU Signing Ceremony for Loharinag-Pala and Tapovan Vishnugad at Dehradun

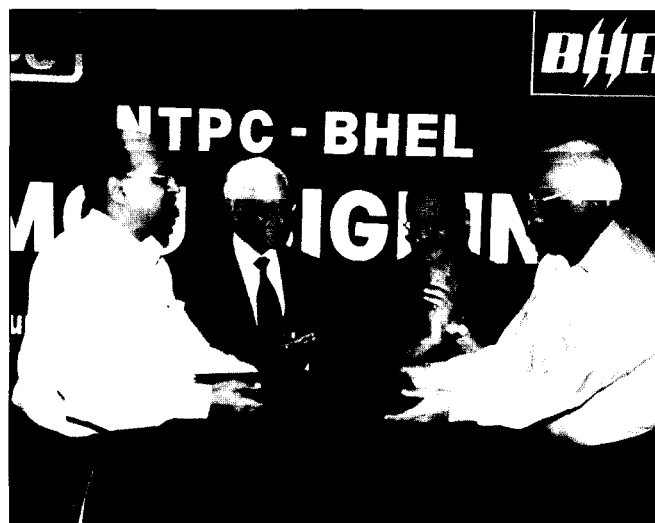
NTPC is accelerating its further growth in Hydro Power for a broad-based capacity portfolio aiming at improving the Thermal-hydro mix which, in turn, would lead to better management of peak demand and long term tariff stabilisation. NTPC has short-listed a few more Hydro Power Projects in the country for development/implementation which would have least adverse impact on environment.

Joint Ventures

The performance of the Joint Venture Companies, in which your Company has equity stake, are covered in the Management Discussion and Analysis. The Company lays great emphasis on establishing Joint Ventures (JVs) as a vehicle for growth. Towards this end, the following Joint Ventures are on the anvil:-

JV with Railways: NTPC has entered into an MOU with Ministry of Railways for setting up power plants to meet the power requirements of Railways. The Company contemplates to set up a 1000 MW power plant at Nabinagar in the State of Bihar in Joint Venture with Railways. Action is being taken for preparation of feasibility report for this Project.

JV with TNEB: An MOU has also been executed with Tamil Nadu Electricity Board (TNEB) for setting up a 1000 MW Coal-based Power Project near Chennai at Tamil Nadu in Joint Venture with TNEB. Clearances for the proposed site are being obtained for preparation of feasibility report. A Joint Venture Company with 50:50 equity participation by NTPC and TNEB has already been incorporated to pursue this project.



Exchange of MOU Documents for JV with BHEL

JV with BHEL: NTPC is forming a Joint Venture Company with BHEL for taking up EPC and maintenance jobs in the power sector. MOU to this effect has been executed with BHEL and the terms of the Joint Venture Agreement are under discussion.

STRATEGIC ALLIANCE

To tap the growing potential in the field of power globally, the Company has entered into a strategic alliance with Black & Veatch (B&V), an Internationally acclaimed Company based in USA. An MOU has been executed between NTPC and B & V to collaborate, on project to project basis, to provide efficient and reliable services for Operation & Maintenance of Thermal Power Plants and for setting up state-of-the-art power plants for clients in India and abroad. Various other allied services are also covered in this MOU.

SUBSIDIARIES

During the year, the Company has incorporated three subsidiary companies for branching out to the related fields of electricity distribution, developing small and medium hydel projects and power trading respectively. With these, the Company now has four subsidiaries. The results of these subsidiaries are briefly dealt with in the Management Discussion and Analysis. Detailed coverage on these subsidiaries is available in the respective Directors' Report appended hereto. Statement pursuant to Section 212 of the Companies Act, 1956 (Act) in respect of these subsidiaries is given at Annexure-III.

RESEARCH & DEVELOPMENT

Currently, NTPC is engaged in applied research. NTPC is collaborating with IIT-Delhi for developing its future plans and the roadmap for the R&D activities.

NTPC has decided to significantly upgrade its R&D activities and expand as well as intensify the role of R&D, covering basic research also. The Company is planning to engage itself in research works on a major scale in the fields of developing alternate fuels for electricity generation, assessing and assimilating new age technologies including developing clean coal technologies to take care of high ash content in Indian coal, harnessing non-conventional energy sources, etc. In addition, NTPC contemplates to undertake study/research inter alia on distributed power generation technologies, fuel cell technology as a part of its Corporate Social Responsibility.

To actualize all these, NTPC is contemplating to establish a state-of-the-art 'Power Technology & Research Centre' of international standards in Greater Noida. This Centre will be a resource center for the entire Indian power sector.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS & OUTGO

Technology driven innovation and adaptation of best engineering practices have been a source of strength for your Company over the years in project implementation, operation & maintenance as well as renovation & modernisation. In

tune with this tradition several technological initiatives have been taken in the areas of Integrated Gasification Combined Cycle, 765 KV System, Supervisory Control and Data Acquisition and Gas Insulated Technologies.

The Integrated Gasification Combined Cycle (IGCC) technology offers opportunities for the country to increase the conversion efficiency of coal to the level of 42-45% from the conventional levels of 35-36%. This offers the twin benefits of preserving the natural resource of the country i.e. coal by reducing its consumption and results in substantial reduction in the CO₂ emission per unit of electricity generated. The challenge lies in Indianisation of the technology to suit the high ash Indian coal. Realizing the huge potential, NTPC, in collaboration with USAID, has undertaken the selection, assimilation, Indianisation and commercialisation of the IGCC technology.

Information in accordance with the provisions of Section 217 (1) (e) of the Companies Act, 1956 regarding conservation of energy, technology absorption and foreign exchange earnings and outgo is given in Annexure-IV to this Report.

ENVIRONMENT AND SAFETY

NTPC is committed to protect and promote the environment and attaches great importance to Safety standards. Towards this end, NTPC has taken a number of pro-active measures in its various business units including implementation of, ISO-14001 Standard.

Under the Environment Action Plan, a number of environment projects were completed during the year. These help in better treatment of the main plant effluents, besides conservation of water. Action has been initiated to explore use of technologies such as Flue gas conditioning and Sodium Dosing at some of its stations for performance enhancement of Electrostatic Precipitators and reduction of stack particulate emission at these stations.

ASH UTILISATION

Ash produced in different Stations of NTPC is channelled to different productive uses in cement and asbestos industries, land development and road embankment. Studies have also been undertaken for underground mine stowing with ash in association with Central Mining Research Institute.

HUMAN RESOURCE MANAGEMENT

NTPC takes pride in its highly motivated and trained Human Resource that has contributed its best to bring NTPC to its present height. The total strength of employees of the Company was 23527 as on 31st March 2003 as against 23972 as on 31st March 2002. The overall Man-MW ratio for the year 2002-03 was 1.02 as against 1.07 for the year 2001-02.

Employee morale continued to remain high facilitating smooth

working of the Corporation and contributing to higher generation of power. All efforts to achieve employee satisfaction were made through measures like job-rotation, re-deployment etc. The turnover rate of the executives during the year was as low as 0.13% compared to 0.24% during the previous year.

With a view to improving commitment and motivation, various HR initiatives/interventions were launched based on the four foundation blocks of Competence, Commitment, Culture and Systems of HR to attain the stated HR vision: "To enable our people to be a family of committed world-class professionals, making NTPC a learning organisation". These, inter alia, include Rewards & Recognition, Manpower Rationalisation, Innovative Benefits, Social Security Design, Career Path & Job Rotation Scheme, Developmental Initiatives, Employee Feedback & Involvement etc.

TRAINING AND DEVELOPMENT

The ISO-9001 certified Power Management Institute is committed to be a leading institute in developing world class competencies by providing training, management development programmes and consultancy services catering to the needs of power professionals both in Public and Private Sectors including MNCs like PSEG Global, Alstom Power and Siemens.

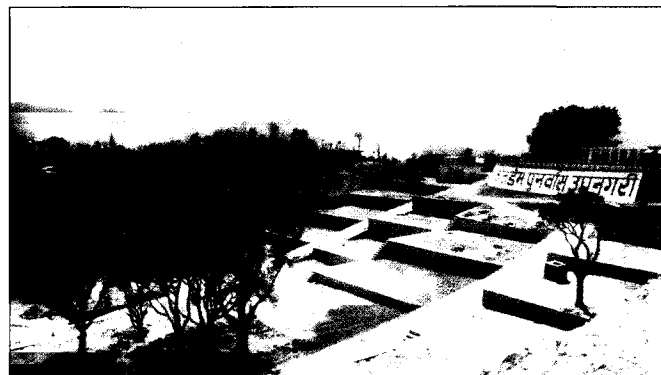
With a view to enhancing mutual understanding and strengthening bonds between NTPC and State Electricity Boards (SEBs), NTPC is conducting the "Partner in Progress" pilot programme for SEBs.

EMPLOYEE RELATIONS

Employee Relations in NTPC, rooted in the philosophy of bipartism, continued to be cordial and harmonious during the year.

REHABILITATION & RESETTLEMENT

NTPC is committed to help the populace displaced for execution of its projects and has been making efforts to improve



R & R Township under construction at Koldam

the socio-economic status of Project Affected Persons (PAPs). In line with its social objective, the company has focused on effective resettlement and rehabilitation of its PAPs and also community development works in and around the projects.

During the year under review, rehabilitation work for PAPs in Korba and Faridabad projects were completed. Rehabilitation work for Talcher-Kaniha project has almost been completed.

CORPORATE SOCIAL RESPONSIBILITY

NTPC became member of Global Compact, an UN initiative for Corporate Social Responsibility committing to the basic principles in the areas of human rights, labour standard and environment.



Telephone booths for the physically challenged persons

Focussing on its role of a socially responsible and conscious corporate citizen, NTPC has taken steps for representation of physically challenged persons in its workforce. NTPC decided to make up the shortfall in employment of physically challenged persons through recruitment in a phased manner. 173 physically challenged persons were recruited during the year 2002-03. NTPC submitted to Global Compact a case example on employment of physically challenged persons which was accepted by Global Compact and posted on its web site.

SC/ ST/ OBC

It is the policy of the company to promote the interest of SCs/ STs/OBCs in the recruitment and service matters. Statistical information with regard to SCs/STs is given in Annexure-V to this Report.

IMPLEMENTATION OF OFFICIAL LANGUAGE POLICY

Several steps have been taken to implement the Official Language Policy in the Company. During the year offices located at Kahalgau, Lucknow and Tanda were notified under



Promoting the official language

sub rule 10(4) of the Official Language Rule 1976 for performing their entire official work in Hindi. So far, 16 offices of the Company have been notified under the same rule.

VIGILANCE

NTPC Vigilance Department is an ISO 9001:2000 accredited Deptt. of the Company. It lays emphasis on preventive vigilance to protect the interest of various stakeholders.

During the year 2002-03, 79 complaints were taken up for investigation besides 39 complaints which were already under investigation. Out of total 118 complaints, investigation were completed in 74 cases. In addition, 10 references were received from other sources for investigation. All these complaints were investigated and investigation reports sent to concerned authorities. Based on investigations conducted and the intensive examination of packages, substantial savings were effected.

STATUTORY AUDITORS

The Statutory Auditors of your Company are appointed by the Comptroller & Auditor General of India. M/s. K.K. Soni & Co., S.K. Mittal & Co., Laxminiwas & Jain, Vardhaman & Co. and B.C. Jain & Co. Chartered Accountants were appointed Joint Statutory Auditors for the financial year 2002-03.

MANAGEMENT COMMENTS ON STATUTORY AUDITORS' REPORT

Members' attention is drawn to the comments of the Statutory Auditors as contained in paragraph number 3(i), (ii) & (iii) of their report to the Shareholders. In this regard your Directors clarify that:

The reconciliation of advances, debtors, creditors, materials

lying with customers and material issued on loan is an ongoing process and is under progress.

CERC have notified, by regulations, the terms and conditions for determination of tariff effective from 1st April 2001. Further, CERC have directed by notifications that the billing of sales shall continue to be done on the same basis as on 31st March 2001 subject, however, to adjustment after final determination of tariff. Sales as per CERC regulations are likely to be lower than the billed amount, and accordingly, the company provisionally recognised sales on the basis of tariff worked out as per CERC regulations pending final determination of tariff by CERC. The fact has been also explained in note no. 3a of the Annual Accounts.

Under the Government of India Scheme for one-time settlement of the dues of State Electricity Boards (SEBs) (the Scheme), 8.5% tax-free bonds of the State Governments are to be issued to NTPC by the Reserve Bank of India for the amount of outstanding dues as on 30th September 2001 and the late payment surcharge agreed to be securitised. Under the scheme there are also certain incentives payable to SEBs if the conditions thereto are complied with. In accordance with the Scheme, Tripartite Agreements for issuance of bonds with retrospective effect from 1st October 2001 have been signed during the year by the Government of India, Reserve Bank of India and Governments of 24 states. The bonds were not issued upto the date of the Balance Sheet as the State Governments did not issue relevant notifications. The impact of the Scheme on the accounts of the Company could not be ascertained and accounted for as the aforesaid surcharge, incentive and the interest on the bonds are interrelated.

C&AG REVIEW

Review of the Accounts for the year ended 31st March 2003 by the Comptroller and Auditor General of India (C&AG) is furnished at Annexure-VI to this Report. Comments of C&AG on the Accounts of the Company for the financial year 2002-03 and management replies thereon are also given in the aforesaid Annexure-VI.

PARTICULARS OF EMPLOYEES

Information pursuant to provision of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended, is given as Annexure-VII to this Report.

REDRESS OF GRIEVANCES

The Company Secretariat is the nodal point for redress of Public Grievances and the Company Secretary has been designated as Director (Grievances) for the Corporation. Grievance Officers have also been appointed in all Projects/Regional Offices. Grievances received from the public are being processed as per guidelines issued by Department of Administrative Reforms and Public Grievances.

Grievances from employees are being dealt as per staff grievance procedure framed in this regard. The statistical data of the grievance cases are given in Annexure-VIII to this Report.

BOARD OF DIRECTORS

Shri N.S.Sisodia, Special Secretary, Union Ministry of Power, ceased to be member of the Board w.e.f. 8th August 2002 consequent upon his relinquishment of charge in the Ministry of Power on his appointment as Secretary (Defence Production & Supplies), Govt. of India. Shri Deepak S. Parekh, Non-official Part-time Director also tendered his resignation from the Board w.e.f. 5.8.2003. The Board wishes to place on record its deep appreciation for the valuable services rendered by Shri N.S.Sisodia and Shri Deepak S. Parekh. Shri Ajay Shankar, Joint Secretary (Thermal), again joined the Board w.e.f. 17th December 2002 and Shri R.D.Gupta took over as Director (Commercial) of the Company on 29th April 2003.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217 (2A) of the Companies Act, 1956 your Directors confirm that:

- i) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- ii) The Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year 2002-03 and of the profit of the company for that period;
- iii) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities; and

- iv) The Directors had prepared the Annual Accounts on a going concern basis.

ACKNOWLEDGEMENT

The Board of Directors, acknowledges with deep appreciation the co-operation received from the Govt. of India, particularly the Ministry of Power, Ministry of Finance, Ministry of Environment & Forests, Ministry of Coal, Planning Commission, Department of Public Enterprises, Central Electricity Authority and Central Electricity Regulatory Commission as well as from the State Governments, Regional Electricity Boards and State Electricity Boards.

The Board also conveys its gratitude to various International and Indian Banks/Financial Institutions as well as Indian investors for the confidence reposed by them in NTPC. Board's special appreciation and thanks are due to the valued customers, the purchasers of power as also to valued consultancy clients, who have reposed confidence in NTPC. The Board also appreciates the contribution of contractors, vendors and consultants in the implementation of various projects of the Company. The Board acknowledges with thanks the constructive suggestions received from C&AG and the Statutory Auditors.

The Board wishes to place on record its appreciation for the untiring efforts and contributions made by the employees at all levels to ensure that the company continues to grow and excel.

For and on behalf of the Board of Directors



(C.P. JAIN)

CHAIRMAN & MANAGING DIRECTOR

Place: New Delhi

Date: 23.9.2003

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY STRUCTURE & DEVELOPMENTS

Since 1948, the power sector has been dominated by monopolistic and monolithic State Electricity Boards. Since 1991, they controlled 70% of electricity generation and almost the entire distribution. Installed capacity of the country under this set up has increased from around 1500 Megawatt in 1948 to over One Lakh Megawatt as of now. Consequent upon the initiation of economic reforms and the liberalisation, the Government of India has permitted private investment in power generation. These Independent Power Producers (IPPs) were to supply power to the SEBs under a long term Power Purchase Agreement. This was intended to supplement dwindling investments by the state sector through encouraging private participation.

After the decade-long efforts failed to attract significant private investments; the policy-makers analysed the situation and came to the conclusion that the poor financial health of the SEBs was the root cause that was withholding the private investment flow. Hence, thrust shifted from the generation sector to the distribution reforms in the country. Reducing the technical and commercial losses of the SEBs/Distribution companies, tariff rationalisation, system modernisation and improvement in the service standards were the prime motives behind the distribution reforms.

To facilitate reform of the electricity sector and to make it commercially viable, a comprehensive Electricity Bill was drafted to replace all existing legislation and introduced in the Parliament in 2001 and enacted in June 2003. The Act assumes significance as it provides a statutory basis to reform the sector. Some of the key features of the Act are freeing generating companies from licensing requirements, encouraging captive generation, providing open access subject to availability of transmission capacity, freedom to supply to any licensee/consumer, providing for trading of electricity, providing the freedom to bulk consumers to choose the electricity supplier etc.

These policy provisions will be operationalised progressively by the respective Electricity Regulatory Commissions (ERCs).

This enactment aims to pave the way for a qualitative transformation of this sector by opening up new vistas, focussing on regulation through an independent quasi-judicial

regulatory framework and ushering in an era of competitive growth. The Accelerated Power Development and Reforms Programme of the Government of India and the anti-theft legislations by some of the States would provide further fillip to reform the sector. Your Company, backed by its tradition of excellence, has taken a series of initiatives to seize the opportunities thrown up in the areas of distribution and trading, besides setting in motion a plan to further consolidate its core activities.

OPPORTUNITIES & THREATS

The Electricity Act, 2003 would open up several new opportunities for players like NTPC, e.g. direct supply to bulk customers, retail supply and distribution, etc. The focus of the Act on factors such as compulsory metering of power would improve operational efficiencies in state utilities, thereby improving their ability to pay for power purchased from NTPC.

The realisation of the plans of NTPC as also the goal of achieving 'Power for all by 2012' depends to a great extent on the effective and efficient reform of the sector. The pace of reforms will have an impact on the growth of the sector and NTPC. Fuel (coal and gas) is the dominant input for the generation business constituting about 60% of the cost. The rate of increase of the fuel prices will have a significant impact on the despatch ability of power stations under the current ABT Regime. Therefore, it is equally essential to have independent regulators for these industries without which few elements like the generators in the value chain will come under severe strain.

RISKS AND CONCERNS

Competition: The Electricity Act, 2003 could also result in increased competition for NTPC. The waiver of licensing requirement for generation companies and improved viability of the generation business could make it attractive for private players. NTPC has built large generation capacities at pit head, the competitive economics of which are difficult to replicate by potential competitors. NTPC always endeavours to provide reliable power at competitive costs.

Tariff: Downward regulatory pressure on tariffs is a concern for the sector. CERC is coming out with new terms and conditions for tariff, which will be implemented with effect from April 2004. New Power Tariff Policy, which is under

formulation by Govt of India may impact/influence long-term growth and viability of this sector.

Ash utilisation: High ash generation (Indian coal being high ash content one) coupled with limited avenues for utilisation and absence of facilitating policies pose a challenge in achieving the desired ash utilisation level. NTPC has identified new avenues for ash utilisation like mine filling and has approached the Government and Coal companies for necessary support in this area. Stringent environmental norms in the future may add to the cost of generation.

New Business Ventures: NTPC is entering into new businesses of electricity distribution, trading, coal mining, and coal washery. These businesses are expected to yield reasonable returns over a period of time. Developments midway may impact the company's performance. NTPC's steady cash generation in existing generation business will provide the required financial resilience.

NTPC is expanding its services business portfolio in EPC, R&M and O&M activities in the domestic as well as international markets.

NTPC is moving towards backward integration into fuel management to secure improved fuel security and to understand supply economics. NTPC's forward integration into the distribution business in India is to gain competitive advantage.

INDUSTRY OUTLOOK

The Sixteenth Electric Power Survey published by the Central Electricity Authority in September 2000 has projected an energy demand of about 975.22 Billion Units by the end of the XI plan period and about 1318.64 Billion Units by the end of the XII plan period. In effect, this would call for a trebling of the energy generation in the next 15 years. At present, there is a wide gap between demand and supply of power. During 2002-03, there was peak demand deficit of 12.0% and energy deficit of 8.8%. To meet this deficit and for projected growth in energy demand of a rapidly expanding economy and achieve the goal of "power for all", it has been estimated that India may require additional generating capacity of 100000 MW by the year 2012. The Company views that the growth potential of the power sector would provide ample opportunities to NTPC to take it to newer heights in the days ahead.

FINANCIAL REVIEW

The annual accounts have been prepared in compliance with

the requirement of the Companies Act, 1956 and on going concern basis. There is no material departure from the prescribed accounting standards in preparation of the annual accounts. The accounting policies adopted by the company and the estimates and judgments relating to the financial statements have been made on a prudent and reasonable basis in order to reflect the true and fair view of the financial statements.

SHARE CAPITAL

The entire share capital is owned by Government of India. During the year no addition has been made. However, the authorised capital has been increased from Rs.80,000 million to Rs. 100,000 million and the face value of shares has been split to Rs. 10 each from Rs. 1,000 each.

RESERVES & SURPLUS

(a) Capital Reserve

During the year the company has transferred Rs. 102 million to capital reserve. Out of this Rs.100 million relates to profits on sale/disposal of fixed assets. Balance Rs. 2 million relates to grants received for R&D equipments.

(b) Bonds Redemption Reserve

Rs.1,815 million have been credited during the year leaving a balance of Rs.2,588 million at the end of the year.

(c) General Reserve

Rs.27,500 million have been transferred from profit & loss account during the year. The closing balance as on 31st March 2003 is Rs. 232,500 million.

(d) Foreign Project Reserve

The closing balance as on 31st March 2003 was Rs.4 million as against the previous year's figure of Rs.4 million. During the year Rs. 81,229/- has been transferred from Profit & Loss Account.

SECURED LOANS

During the year, the company has redeemed foreign currency term loans (guaranteed by GOI) amounting to Rs.232 million. Formalities for creation of securities in respect of 10 % Secured Non Convertible Bonds (XII Issue) of Rs. 5,000 million, shown as unsecured as on 31st March 2002 have been completed during the year. In addition, bonds amounting to Rs. 20,000 million have been issued on private placement basis during the year. Thus, closing balance of secured loan increased to Rs. 41,226 million from Rs. 16,455 million as on 31st March 2002.

UNSECURED LOANS

During the year, the company has raised

- (a) Rs. 3,656 million by fixed deposits.
- (b) Rs. 1,363 million by issue of bonds.
- (c) Rs. 5,273 million by foreign currency term loans.

The repayment during the year was

- (a) Rs. 1,240 million of fixed deposit.
- (b) Rs. 850 million of bonds.
- (c) Rs. 7,300 million towards foreign currency term loans.
- (d) Rs. 20,501 million to the Government of India which includes prepayment of higher interest bearing loans of Rs. 19,887 million.

Foreign currency loans as at the end of the year is Rs.40,677 million as against previous year's figure of Rs.42,704 million.

NTPC has received funding proposals aggregating to Rs. 80,000 million from various banks and financial institutions for participating in the capacity addition programme. The aggregate amount of domestic loans tied-up is Rs. 65,194 million. Balance outstanding in respect of rupee term loan as on 31st March 2003 is Rs. 43,232 million as against the previous year's figure of Rs. 27,059 million.

FIXED DEPOSITS

The deposits received by the Company from 4082 depositors as on end-March 2003 stood at Rs.5,067 million. Besides, an amount of Rs.9.6 million has not been claimed after maturity by 240 depositors as on 31st March 2003.

FIXED ASSETS

	As on 31 st March (Rs. million)	
	2003	2002
Total Gross Assets	366,106	328,912
Less : Accumulated Depreciation	167,456	152,131
Net Block	198,650	176,781
Capital Work In Progress	51,543	52,038
Construction Stores/Advance	12,320	13,512
	262,513	242,331
Depreciation as % of Total Revenue	7.86	7.46
Accumulated Depreciation as % of Gross Block	45.74	46.25

The company added Rs. 37,194 million to its gross block of assets including investment in Plant & Machinery Rs. 29,141 million, Building Rs. 2,483 million, Land Rs. 1,781 million, Earth Dam & Reservoir Rs. 878 million, Railway Siding 689

million, Furniture, Fixture & Other Office Equipment Rs. 177 million, EDP, Satcom Equipments Rs. 141 million. Capital work-in-progress has reduced from Rs. 52,038 million to Rs. 51,543 million as at 31st March 2003. During the year, an amount of Rs. 31,736 million has been capitalised mainly on account of capitalisation of two units of Simhadri STPP and Rs.31,241 million (net) has been added mainly due to investments on the ongoing projects viz. Talcher Stage-II, Ramagundam Stage-III, Rihand Stage-II and Koldam Hydro Electric Power Project.

Construction stores have also increased from Rs. 5,522 million to 7,053 million for the procurement of stores for construction activities at the projects. Advances made to different contractors/suppliers and sub-contractors in respect of capital work-in-progress have decreased from Rs.7,990 million to Rs.5,267 million.

The capital commitment as on 31st March 2003 works out to Rs. 61,836 million against the previous year's figure of Rs. 60,092 million.

Company will resort to borrowings, public deposits and loans to meet its fund requirement for expansion plans. However, partial requirement of funds will be met from internal accruals.

INVESTMENTS

The company has made several strategic investments in joint ventures and subsidiary companies. These investments are strategic in nature and are aimed at procuring business benefits. Company has also invested in bonds in liquidation of sundry debtors in case of some customers. Company has invested a nominal amount in NTPC Employees' Consumer and Thrift Co-operative Societies for promoting Co-operative movement in the townships of the units. Cumulative investment upto 31st March 2003 is Rs. 36,674 million against the previous year's investment of Rs. 40,281 million.

Management & Technology Applications (I) Ltd.

As per the direction of the Deptt. of Public Enterprises, Management & Technology Applications (I) Ltd. was formed as a joint venture company between Management & Technologies International Inc. (MTI), a USA based NRI company and six Public Sector Undertakings (PSUs). The subscribed capital was fixed as Rs.20 lakh. The share holding of MTA (I) was 51% and balance 49% of the equity was held by six PSUs. NTPC had made an investment of Rs. 1,63,330 in the equity share capital of MTA (I). The share holders of MTA (I) in the Extra-ordinary General Meeting held on 1st February 2002 decided to wind up the company voluntarily in view of no possibility of reviving the business. NTPC received an amount of Rs.11,106/- out of the above investment and provision

for diminution in value of investment was made in the accounts for the year 2001-02. During the year 2002-03, the investment to the extent of provision made has been written off in the Accounts.

INVESTMENTS IN JOINT VENTURE COMPANIES

Utility Powertech Ltd. (UPL)

Utility Powertech Ltd., a joint venture company of NTPC & BSES has been taking up construction, erection and project management works in power and other sectors. Total investment in the company as on 31st March 2003 is Rs.10 million. Net profit after tax for the year 2002-03 is Rs. 46.29 million. The company has declared dividend of 150% for the current year (Previous year 30%).

NTPC Alstom Power Services Private Ltd. (NASL)

NTPC and Alstom Power Generation AG, Germany had formed a 50:50 joint venture company namely NTPC - Alstom Power Services Private Ltd.(NASL), with the authorised capital of Rs. 500 million, to undertake the work of renovation & modernisation of under performing power stations in India and SAARC countries. Both NTPC and Alstom Power have so far subscribed an amount of Rs. 30 million each towards their share of equity capital in NASL. Net profit after tax for the year 2002-03 is Rs. 4.41 million with a turnover of Rs. 348.8 million.

Power Trading Corporation of India Ltd. (PTC)

Power Trading Corporation of India Ltd. was formed with an authorised capital of Rs. 7,500 million. The main objective of the company is to purchase power from identified private mega power projects and sell it to identified SEBs. NTPC has so far invested Rs.60 million in PTC's equity capital. During the year, PTC issued equity shares of Rs.385 million to DVC, Tata Power and financial institutions resulting in reduction of NTPC's holding in the equity shares from 25 % to 8.28 %. Net profit after tax for the year 2002-03 is Rs.98.4 million. The Company declared a dividend of 7% in the current year (Previous year 7%).

NTPC – SAIL Power Co. Private Ltd.

NTPC-SAIL Power Company Private Ltd., a joint venture company of NTPC and SAIL, with an authorised capital of Rs. 1,300 million owns and operates the captive power plants at Durgapur (120 MW) and Rourkela (120 MW) steel plants

of SAIL. Both NTPC and SAIL have subscribed an amount of Rs. 586.50 million each towards the paid-up capital of the joint venture company. The company has posted a profit of Rs. 219.07 million in the financial year 2002-03 and has declared and paid interim dividend of Rs.110 million. NTPC has received its share of dividend of Rs. 55 million which was accounted for in 2002-03. The company has declared and paid a final dividend of Rs. 50 million thus making the total dividend of Rs. 160 million (Previous year Rs. 160 million).

Bhilai Electric Supply Co. Ltd.

Bhilai Electric Supply Company Ltd., a company formed by SAIL with an authorised capital of Rs. 350 million, which owns and operates the captive power plant at Bhilai steel plant (74 MW) of SAIL, became a joint venture company of NTPC and SAIL. Both NTPC and SAIL have subscribed an amount of Rs. 166 million each towards the paid-up capital of this joint venture company. The company has posted a profit of Rs. 63.16 million in the financial year 2002-03. The Company has plans to undertake expansion by adding two units of 250 MW \pm 20% capacity each.

INVESTMENTS IN SUBSIDIARY COMPANIES

Pipavav Power Development Co. Ltd. (PPDCL)

Pursuant to the Presidential Directive issued under the Articles of Association of NTPC and the decision of the Board of Directors, a shell company under the name of Pipavav Power Development Company Ltd. (PPDCL) has been formed as a wholly-owned subsidiary of NTPC on 20th December, 2001 and an amount of Rs. 60.50 million was paid to Gujarat Power Corporation Ltd., (GPCL) on behalf of PPDCL by NTPC for acquisition of 212 hectares of land for the main plant of 2000 MW Pipavav Mega Power Project in Amreli district of Gujarat. The land is yet to be transferred in the name of PPDCL. The company has incurred Rs.21,201 as pre-operative expenses which has been carried forward to the Balance Sheet.

NTPC Electric Supply Co. Ltd. (NESCL)

A company under the name of NTPC Electric Supply Co. Ltd. (NESCL) has been formed as a wholly-owned subsidiary of NTPC on 21st August 2002 with an authorised capital of Rs. 100 million for retail distribution of power. The paid-up capital of the company as on 31st March 2003 is Rs.0.50 million. Further, shares of Rs.0.31 million have since been allotted in the name of NTPC. The company posted a loss of Rs. 29,493/- during the year 2002-03. NESCL is actively

pursuing acquisition of majority stake in Kanpur Electric Supply Co. Ltd., a distribution Company for retail supply of electricity in Kanpur electricity supply area. Taking over of other distribution circles are also under consideration.

NTPC Vidyut Vyapar Nigam Ltd. (NVVNL)

A company under the name of NTPC Vidyut Vyapar Nigam Ltd., (NVVNL) has been formed as a wholly-owned subsidiary of NTPC on 1st November 2002 with an authorised capital of Rs. 100 million to undertake business of sale and purchase of electric power. The paid up capital of the company as on 31st March 2003 is Rs.0.50 million. Further, shares of Rs.0.32 million have since been allotted in the name of NTPC. NVVNL made a modest beginning in power trading with a turnover of Rs.40.46 million. The company posted a loss of Rs.131785/- during the year 2002-03.

NTPC Hydro Ltd. (NHL)

A company under the name of NTPC Hydro Ltd., (NHL) has been formed as a wholly-owned subsidiary of NTPC on 12th December 2002 with an authorised capital of Rs.100 million for development of small and medium hydro electric power projects upto 250 MW. The paid-up capital of the company as on 31st March 2003 is Rs.0.50 million. Further, shares of Rs.0.32 million have since been allotted in the name of NTPC. The company has not started commercial operation as on 31st March 2003. The company has incurred Rs. 16393 /- as pre-operative expenses which has been carried forward to the Balance Sheet. NHL has entered into a Memorandum of Understanding with Government of Uttaranchal for development of 108 MW Lata-Tapovan Hydel Project subject to techno-economic viability.

INVENTORIES

After making provisions for shortages and obsolete/unserviceable items, inventories as on 31st March 2003 amount to Rs. 17,712 million as against the previous year's figure of Rs. 20,176 million. Coal in number of days consumption as on 31st March 2003 is 19 days in comparison to previous year 29 days. Spares in number of days consumption in March 2003 is 1183 days in comparison to previous year's figure of 1200 days. Considering the time lag in procuring critical spares & imported spares, company has to maintain adequate level of spares inventory in order to reduce the down time of the generating units.

SUNDRY DEBTORS

Debtors amounted to Rs. 124,349 million (net of provision for bad and doubtful debts amounting to Rs. 14,558 million) as on 31st March 2003 as compared to Rs. 115,328 million (net of provision for bad & doubtful debts amounting to Rs. 11344 million) as on 31st March 2002. These debtors are considered good and recoverable. Provision for bad and doubtful debt is

made based on various factors including collectibility of specific dues and disputes raised by the customers on commercial issues.

The debtors are at 65 % of revenue for the year ended 31st March 2003 representing an outstanding of 238 days of revenue.

The age profile is furnished below:

Particulars	As on 31 st March (Rs. million)	
	2003	2002
Less than 6 months	10,016	15,057
More than 6 months to one year	7,127	23,643
One year to three years	60,985	58,527
More than three years	60,779	29,445
Total	138,907	126,672

SCHEME FOR ONE-TIME SETTLEMENT OF SEB DUES

Pursuant to the decisions taken in the Chief Ministers' Conference on 3rd March 2001, the Govt. of India had constituted an Expert Group under the Chairmanship of Member, Planning Commission to suggest a scheme for One-Time Settlement of Dues payable by SEBs to Central Public Sector Undertakings (CPSUs) and also to suggest the steps required to ensure full payment of current dues in future. Recommendations of the Expert Group, which were endorsed by an empowered Group of Chief Ministers, were approved by the Cabinet Committee on Economic Affairs on 23rd March 2002.

The scheme provides for securitisation of dues (after 60% waiver of surcharge) against energy supplied upto 30th September 2001 in the form of 15 year 8.5% tax-free bonds to be issued by RBI on behalf of the State Governments to CPSUs. For ensuring full payment of current dues, the scheme provides the following:-

- Opening of Letter of Credit equivalent to 105% of the average monthly billing of the preceeding 12 months.
- SEBs shall be eligible to get cash incentive at 2% of the bond amount for opening and maintaining LC from July 2002 to Dec.2002.
- To ensure regular payment over the next four years, cash incentive shall be provided every six months @ 6% in the first year (i.e. 2002-03), 5% in the second year and 4% in the subsequent two years on the value of the bonds issued.
- In case of failure to open/maintain LC or default in making payment of current dues within 60 days, graded reduction in power supply is envisaged and in case defaults continues for more than 90 days, payments remaining outstanding would be recovered from States' RBI account.

Tripartite Agreements under the Scheme have been signed on 20th March 2003 between Government of India, Reserve Bank of India and 24 States.

Most of the SEBs and power utilities of the above states have also enhanced their LCs to the required level and are making full payment of current bills.

In case of the Union Territories an alternate payment mechanism involving the Central Government and the Union Territories / Administration is being separately worked out.

The company has received 8.5 % tax-free Bonds amounting to Rs.115,032 million from fourteen State Electricity Boards in September 2003.

CASH & BANK BALANCES

The cash and bank balances as at 31st March 2003 is Rs.5,447 million as against the previous year figure of Rs.12,048 million. Cash & Bank balance as percentage of total Assets is 1.10 in comparison to 2.67 in the previous year. Cash & Bank balance as percentage of total Sales is 2.86 in comparison to previous year's figure of 6.76.

OTHER CURRENT ASSETS

The balances of other current assets as at 31st March 2003 is Rs.25,142 million as against the previous year's figure of Rs.5,511 million. Public Deposit Account with Government of India including interest due thereon as on 31st March 2003 is Rs.18,477 million as against the previous year's figure of Rs.1,611 million. Other Current Assets as percentage of total Assets is 5.10 as on 31st March 2003 in comparison to the previous year figure of 1.22.

LOANS & ADVANCES

The balance of loans and advances as at 31st March 2003 is Rs.21,482 million as against the previous year figure of Rs. 14,736 million. Loans & Advances as percentage of total assets is 4.35 in comparison to previous year figure of 3.27.

Loans to employees granted for purchase of residential houses, cars and other assets are recovered regularly from the salary of the employees as per terms of sanction. Advance payment of income tax represents the tax liability for the year ended 31.3.2003 and that for earlier years. The company's liability towards income tax for the year ended has been fully provided for.

During the year the company has provided Rs. 3 million against doubtful loans and advances and also withdrawn Rs. 10 million from the provision.

CURRENT LIABILITIES

The balances of current liabilities as at 31st March 2003 is Rs.34,202 million as against the previous year's figure of

Rs.31,881 million. Other liabilities represent amount of income tax deducted at source, redemption amount payable on maturity of bonds, sales tax payable etc.

PROVISIONS

The balances of provisions as at 31st March 2003 is Rs.11,648 million as against the previous year's figure of Rs.16,265 million.

During the year company has paid interim dividend of Rs. 4,000 million. Final dividend of Rs.3,080 million has been proposed and thus the total dividend for the year is Rs.7,080 million as against Rs.7,079 million of the previous year. Provision for Tax on the proposed dividend has been made for Rs.395 million.

CONTINGENT LIABILITIES

The contingent liabilities as at 31st March 2003 are Rs.20,483 million as against the previous year's figure of Rs.14,203 million. The increase in contingent liabilities is mainly in respect of claims against the Company not acknowledged as debts for capital works and land compensation cases.

RESULTS OF OPERATIONS

	Year ended 31 st March	
	(Rs. million)	
Income	2003	2002
Sales (including energy internally consumed)	190,206	177,868
Consultancy Project Management and Supervision fees	269	285
	190,475	178,153

NTPC recorded a turnover of Rs. 190,206 million during 2002-03 as against Rs. 177,868 million during 2001-02. Sales during the year has been provisionally recognised and accounted for on the basis of tariff worked out as per Central Electricity Regulatory Commission (CERC) Regulations 2001 pending final determination of tariff by the CERC.

CONSULTANCY WING

Consultancy Wing, an ISO 9001 certified unit of NTPC, achieved turnover of Rs. 227 million and earned profit of Rs. 68 million during the year 2002-03.

The Consultancy Wing has secured 31 orders valued at Rs.443.60 million during the year and is executing procurement assignments for National Aids Control Organisation, Ministry of Health and Family Welfare funded by World Bank and for Department of Information & Technology, Govt. of India.

PROVISIONS WRITTEN BACK

Provisions written back during the year 2002-03 are Rs.3,988 million whereas in the previous year the figure was Rs.107 million. Provisions are reviewed at the end of the year and the amount is withdrawn wherever they are no longer required.

OTHER INCOME

Other income for the year ended 31st March 2003 is Rs.4,036 million in comparison to previous year's figure of Rs.6,725 million.

Other income includes Rs. 138 million and Rs.86 million towards receipts under loss of profit policy and receipt under Machinery Break Down/Fire policy respectively.

EXPENDITURE

The details of the expenditure for the year ended 31st March 2003 and 2002 and the cost per million units is given below:

	Year ended 31 st March			
	(Rs. million)			
	2003	2002	2003	2002
	Per million units	Per million units		
Fuel	110,312	0.798	103,991	0.781
Employees Remuneration and Benefits	8,213	0.059	8,036	0.060
Generation, Administration and other Expenses	10,869	0.078	11,640	0.087
Depreciation	15,291	0.111	13,784	0.104
Provisions	5,555	0.040	1,836	0.014
Interest and Finance Charges	9,916	0.072	8,677	0.065
Total	160,156	1.158	147,964	1.111

Fuel

Increase is due to increase in generation by 5,098 million units and increase in the fuel cost.

Generation, Administration & Other Expenses

Water charges have reduced due to provision of Rs. 968 million made in the previous year at one of the Station as per demand received including for earlier years.

Depreciation

Increase in depreciation is mainly due to capitalisation of unit I & II of Simhadri STPP and due to provision for depreciation on additional items of machinery spares identified during the year.

Provisions

Increase in provisions is mainly due to increase in provision for doubtful debts amounting to Rs. 4,140 million in the current year as against Rs.699 million in the previous year.

Provision for bad and doubtful debts provided as a percentage of sales during the year works out to 2.17 % in comparison of 0.39 % in the previous year.

Interest & Finance Charges

Difference in interest and finance charges is mainly due to waiver of guarantee commission by the Government of India amounting to Rs. 1,731 million accounted for in the last year.

PROFIT

Profit before tax works out to Rs. 37,540 million during the current year against previous year's Rs.37,521 million.

As per CERC Tariff Regulations, income tax payable on generation income is recoverable from the State Electricity Boards. Accordingly, provision for income tax (net) for the year is Rs.1,465 million (previous year Rs.2,125 million).

Profit after tax works out to Rs. 36,075 million against Rs.35,396 million for the previous year.


INTERNAL CONTROL

The Company has a sound system of Internal Controls for financial reporting of various transactions, efficiency of operations and compliance with relevant laws and regulations. Suitable delegation of power and guidelines for accounting have been issued for uniform compliance. In order to ensure that all checks and balances are in place and all internal control systems are in order, regular and exhaustive internal audits are conducted by experienced auditing firms in close co-ordination with Company's own Internal Audit Department. Besides, the Company has two active Committees of the Board viz. Audit Committee and Committee on Management Controls which periodically review the important findings of different Audits keeping a close watch on compliance with Internal Control System.

CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis and in the Directors' Report, describing the Company's objectives, projections and estimates, are forward-looking statements and progressive within the meaning of applicable laws and regulations. Actual results may vary materially from those expressed or implied, depending upon economic conditions, government policies and other incidental factors.

For and on behalf of the Board of Directors


(C.P. JAIN)

CHAIRMAN & MANAGING DIRECTOR

Place : New Delhi

Date : 23rd September 2003

Annexure-II to Directors' Report

CORPORATE GOVERNANCE

Being a responsible corporate citizen the company has consistently, over the years been practicing the principles of good Corporate Governance and always deals transparently with every individual/organisation who/which comes in its contact. The undernoted information, mostly modeled on the SEBI's Code on Corporate Governance, is furnished on a voluntary basis.

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

As a good corporate citizen, the company is committed to sound corporate practices based on conscience, openness, fairness, professionalism and accountability in building confidence of its various stakeholders in it thereby paving the way for its long term success.

BOARD OF DIRECTORS**Composition**

As on 31st March 2003 the Board comprised eleven directors. Out of these six are functional directors including the Chairman & Managing Director (CMD), two directors are nominated by the Government of India and three are independent directors. The directors bring to the Board wide range of experience and skills.

Age limit and Tenure of Directors

The age limit of whole-time functional directors including the Chairman & Managing Director is 60 Years.

The Functional Directors including CMD are appointed for a period of five years from the date of taking over of charge or till the date of superannuation of the incumbent, or till further instructions from the Government of India, whichever event occurs earlier.

Government Nominees representing Ministry of Power, Government of India retire from the Board of NTPC on ceasing to be officials of the Ministry of Power.

Part-time Non-official Directors are appointed by the Government of India for a tenure of three years.

Board Meetings

The meetings of the Board of Directors are held at the company's registered office in New Delhi.

Board meetings are scheduled well in advance and are governed by structured agenda. Agenda papers along with explanatory notes are distributed in advance to the Board Members to enable them to take informed decisions. At the beginning of each Meeting, the Chairman & Managing Director also briefs the Board members about the key developments relating to the Company in diverse areas.

The minutes of each Board Meeting are circulated for confirmation by the Board at its next meeting.

During the financial year 2002-03, nine meetings of the Board were held on 12th April, 19th June, 18th July, 27th August, 23rd September, 28th October; 17th December, 24th February and 17th March.

The maximum interval between any two meetings during this period was 80 days.

Details of designation, category of directors, number of Board meetings attended, attendance at last AGM, number of other directorship/committee membership (viz, Audit Committee, Shareholders' Grievance Committee and Remuneration Committee as per SEBI's Corporate Governance Code) held by them during the year 2002-03 are tabulated below:

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Sl.No	Directors	Meeting held during respective tenures of Directors	No. of Board Meeting Attended	Attendance at the last AGM	Number of other Directorships held	Number of Committee memberships in companies (including this company)	
						As Chairman	As Member
	FUNCTIONAL DIRECTORS						
1	Sh. C.P.Jain Chairman & Managing Director	9	9	Yes	3	-	-
2	Sh. P.Narasimhamulu Director (Finance)	9	9	Yes	4	-	-
3	Sh. H.L. Bajaj Director (Commercial) (Upto 01.07.2002)	2	2	No	2	-	-
4	Sh. B.N Ojha, Director (Operations)	9	8	Yes	5	1	-
5	Sh. K.K. Sinha Director (HR)	9	8	Yes	4	-	-
6	Dr. A. Palit Director (Technical) (Upto 31.05.2002)	1	1	No	-	-	-
7	Sh. T.Sankaralingam Director (Projects)	9	9	Yes	5	-	-
8	Sh. S.L. Kapur Director (Technical) (From 01.06.2002) GOVERNMENT NOMINEES	8	7	Yes	6	-	-
9	Sh. M.Sahoo JS&FA,MOP (From 11.07.2002)	7	7	Yes	5	1	2
10	Sh. Ajay Shankar JS(Thermal), MOP (From 23.05.2002 to 16.09.2002 and from 17.12.2002)	6	6	Yes	2	-	-
11	Sh. Arvind Jadhav JS(Thermal), MOP (Upto 23.05.2002)	1	1	No	1	-	-
12	Sh. R. Ramanujam JS&FA,MOP (Upto11.07.2002)	2	2	No	5	-	-
13	Sh. N.S. Sisodia Spl. Secretary, MOP (From 16.09.2002 to 08.10.2002) PART-TIME NON-OFFICIAL DIRECTORS	1	1	No	-	-	-
14	Prof. Ashok Misra Director, IIT, Mumbai	9	6	Yes	2	-	1
15	Sh. R.V Shahi Chairman, BSES (Upto 15.04.2002)	1	-	No	10	-	-
16	Sh. Deepak S. Parekh # Chairman, HDFC	8	4	No	14	4	4
17	Dr. R.K. Pachauri Director General, TERI	5	3	Yes	2	-	-

Excluding the directorships mentioned above, Sh. Deepak S. Parekh is an alternate Director in 5 companies.

ANNUAL GENERAL MEETING

The Annual General Meeting of the last three years were held on 28th September 2000; 25th September 2001 and 23rd September 2002. All the meetings were held at the registered office of the Company. No postal ballots were used for voting.

COMMITTEES OF THE BOARD OF DIRECTORS

The Board has established the following Committees:-

- Audit Committee
- Committee on Management Controls
- Sub-Committee of the Board for Contracts
- Project Sub-Committee
- Investment/Contribution Sub-Committee
- Sub-Committee of the Board for allotment and post-allotment activities of Bonds

Audit Committee

The Audit Committee was constituted on 3rd August, 1995 much prior to introduction of Section 292A in the Companies Act, 1956 and Clause 49 of the Listing Agreement with the Stock Exchanges as per SEBI Guidelines. The scope of the Committee was modified on 8th January 2001 to bring it in line with the provisions of section 292A of the Companies Act, 1956.

Terms of reference

The function of Audit Committee is to discuss with the Auditors periodically about Internal control systems and the scope of audit including the observations of the Auditors, to review the half yearly and annual financial statements before submission to the Board, to ensure compliance with Internal Control System and to investigate into any matter in relation to the above items or as referred to it by the Board.

Composition

As on 31-03-2003, the Audit Committee comprised the following members:-

- Shri B.N. Ojha, Director (Operations), NTPC
- Shri M. Sahoo, Part-time Director
- Prof. Ashok Misra, Part-time non-official Director
- Director (Finance), Head of Internal Audit and the Statutory Auditors are also invited in the Audit Committee Meeting but they have no right to vote. Quorum for the Audit committee is two members of which one is a Part-time Director.

Meetings and Attendance

Three meetings of Audit Committee were held during the financial year 2002-03 on 18th July, 23rd September and 11th November. The details of the meetings of Audit-Committee attended by the members are as under:-

Members of Audit Committee	Meeting attended
• Shri B.N. Ojha (Chairman of the Committee)	3
• Shri M. Sahoo	3
• Prof. Ashok Misra	1

Committee on Management Controls

On being conferred enhanced autonomy by the Government of India under 'Navratna Guidelines', this committee was constituted on 15th March 2001 for establishing transparent and effective system of internal monitoring with membership of non-official Director. As per terms of reference the committee reviews the Management Control System, significant deviations in project implementation and construction, operation and maintenance budgets etc.

As on 31st March 2003 following four Directors comprised this committee:

- Shri B.N.Ojha, Director (Operations)
- Shri P. Narasimharamulu, Director (Finance)
- Shri M. Sahoo, Part-time Director
- Prof. Ashok Misra, Part-time non-official Director

Quorum for the Committee on Management Controls is two members of which one shall be Part-Time Director.

Two meetings of this committee were held during the financial year 2002-03 on 11th November and 17th March.

The details of meetings attended by the members are as under:-

Members of Committee	Meeting attended
• Shri B.N. Ojha (Chairman of the Committee)	2
• Shri P. Narasimharamulu	2
• Shri M. Sahoo	2
• Shri Ashok Misra	Nil

Sub-Committee for Contracts

This committee has been constituted for approval of award of contracts of value exceeding Rs. 25 crore but not exceeding Rs. 100 crore and Overseas Consultancy Contracts exceeding Rs. 2 crore.

The following are members of Sub-Committee for contracts:

- Shri C.P. Jain, Chairman & Managing Director
- Shri P. Narasimharamulu, Director (Finance)
- Shri S.L. Kapur, Director (Technical)
- Shri T. Sankaralingam, Director (Projects)
- Shri Ajay Shankar, Part-time Director
- Shri M.Sahoo, Part-time Director

Quorum for the Sub-committee for contracts is four members.

Meetings and Attendance

Four Meetings of this committee were held during the financial year 2002-03 on 19th April, 14th August, 18th September and 20th October.

The details of the meetings attended by members of this Committee are as under:

Directors	Meeting Attended
• Shri C.P. Jain	4
• Shri P. Narasimharamulu	4
• Shri T.Sankaralingam	4
• Shri Ajay Shankar #	1
• Shri S.L.Kapur	2
• Shri M.Sahoo	3

Only one meeting of Sub-Committee for Contracts was held during the tenure of Shri Ajay Shankar in the year 2002-03.

Project Sub-Committee

The Project Sub-Committee examines and makes recommendation to the Board on proposals for Investment in New/Expansion Projects and Feasibility Reports of new projects.

As on 31st March 2003, the Committee comprised the following members:

- Shri C.P. Jain, Chairman & Managing Director
- Shri P. Narasimhamulu, Director (Finance)
- Shri B.N. Ojha, Director (Operations)
- Shri S.L. Kapur, Director (Technical)
- Shri T. Sankaralingam, Director (Projects)
- Shri Ajay Shankar, Part-time Director (from 16.9.02)
- Prof. Ashok Misra, Non-official Part-time Director
- Shri H.L. Bajaj, Director (Commercial) (upto 1.7.02)
- Member (Th.), CEA (if nominated on the Board)
- Shri N.S. Sisodia, Part-time Director (upto 8.10.02).

Quorum for this Sub-Committee is four members including one part-time Director.

Three meetings of the Project Sub-Committee were held during the financial year 2002-03 on 24th September, 13th January and 15th February.

The details of the meetings of the committee attended by the members are as under:-

Members of Committee	Meeting Attended
----------------------	------------------

• Shri C.P. Jain	3
• Shri B.N. Ojha	3
• Shri P. Narasimhamulu	3
• Shri T. Sankaralingam	3
• Shri S.L. Kapur	3
• Shri N.S. Sisodia	1
• Prof. Ashok Misra	2
• Shri Ajay Shankar	-
• Shri H.L. Bajaj	-

Investment / Contribution Sub-Committee of the Board

The terms of reference of Investment/Contribution Sub-Committee of Board is deployment of funds as per Govt. Guidelines issued from time to time, and acceptance of Bonds/Debt Instruments in lieu of settled dues with State Electricity Boards or State Transmission Companies and deciding terms and conditions thereof. This committee also approves contribution/donation for national, public, benevolent or charitable cause, purpose or object or other funds not directly related to the business of the company or welfare of its employees between Rs. 5 lakh to Rs. 20 lakh subject to maximum limit of Rs. 1 crore in a year.

As on 31st March 2003, the Committee comprised the following four Members:

- Shri C.P. Jain, Chairman & Managing Director
- Shri P. Narasimhamulu, Director (Finance)
- Shri B.N. Ojha, Director (Operations)
- Shri K.K. Sinha, Director (HR) / Director (Commercial)

13 meetings of Investment/Contribution Sub-Committee of the Board were held during the financial year 2002-2003 on 1st April, 2nd April, 19th April, 8th May, 15th May, 24th May, 4th June, 18th June, 3rd September, 16th September, 24th September, 24th December and 18th March.

The details of the meetings of the committee attended by the members are as under:-

Members of Committee	Meeting attended
----------------------	------------------

• Shri C.P. Jain	13
• Shri B.N. Ojha	12
• Shri P. Narasimhamulu	13
• Shri K.K. Sinha	11

Sub-Committee of the Board for Allotment and Post-Allotment Activities of Bonds

The Board has constituted a Sub-Committee for Allotment and Post-allotment activities of Bonds. The scope of work of this committee is allotment of Bonds, issue of Bond Certificate/Letter of allotment, issue of duplicate certificates, consolidation/split of Bonds etc.

The Committee comprised the following three Members:

- Shri P. Narasimhamulu, Director (Finance)
- Shri B.N. Ojha, Director (Operations)
- Shri T. Sankaralingam, Director (Projects) or Shri K.K.Sinha, Director (HR) or Shri S.L.Kapur, Director (Tech.)

Twelve meetings of this Committee were held during the financial year 2002-2003 on 18th April, 30th April, 8th May, 11th July, 25th July, 1st August, 6th August, 24th August, 24th October, 31st October, 4th February and 25th February.

The details of the meetings of the committee attended by the members are as under:-

Members of Committee	Meeting attended
• Shri P. Narasimhamulu	12
• Shri B.N. Ojha	11
• Shri T. Sankaralingam/Shri K.K.Sinha	11

NTPC being a Central Public Sector Undertaking, the appointment, tenure and remuneration of Directors are decided by the President of India. Hence, the Company has not constituted a Directors' Remuneration Committee. The Part-time Directors representing Government of India do not receive any remuneration from the Company. The Part-time Non-official Independent Directors received sitting fee of Rs. 5,000/- for each Meeting of Board or Committee thereof attended by them.

Since entire paid-up share capital of NTPC is held by the President of India and his seven nominees, there are only eight Shareholders of NTPC. Therefore no Shareholders' Committee has been constituted.

MEANS OF COMMUNICATION

In order to make the general public aware of the achievements of the company, a press conference is held immediately after the close of the financial year where the highlights of the company during the year are briefed to the Press for information of the stakeholders. Also, after the Annual General Meeting another press conference is held for communicating the audited results of the company.

Company's Annual Accounts are also made available on the Company's web site i.e. www.ntpc.co.in after the Annual General Meeting.

For and on behalf of the Board of Directors



(C.P. JAIN)

CHAIRMAN & MANAGING DIRECTOR

Place : New Delhi

Dated : 23.9.2003



Annexure-III to Directors' Report

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES

	NAME OF THE SUBSIDIARY	PIPAVAV POWER DEVELOPMENT COMPANY LTD.	NTPC ELECTRIC SUPPLY COMPANY LTD.	NTPC VIDYUT VYAPAR NIGAM LTD.	NTPC HYDRO LTD.
1.	Financial year of the Subsidiary ended on	31 ST March, 2003	31 ST March, 2003	31 ST March, 2003	31 ST March, 2003
2.	Date from which they became Subsidiary	20 th December, 2001	21 st August, 2002	1 st November, 2002	12 th December, 2002
3.	Share of the subsidiary held by the company as on 31 st March, 2003				
	a) Number & face value	360000 equity shares of Rs. 10/- each	50000 equity shares of Rs. 10/- each	50000 equity shares of Rs. 10/- each	50000 equity shares of Rs. 10/- each
	b) Extent of holding	100%	100%	100%	100%
4.	The net aggregate amount of the subsidiary companies Profit/(loss) so far as it concerns the member of the holding company				
	a) Not dealt with in the holding company's accounts				
	i) For the financial year ended 31 st March, 2003	Rs. 21201*	(Rs. 29493)	(Rs. 131785)	Rs. 16393*
	ii) Upto the previous financial years of the subsidiary company	Rs. 4515*	Not Applicable	Not Applicable	Not Applicable
	b) Dealt with in the holding company's accounts				
	(i) For the financial year ended 31 st March, 2003.	Nil	Nil	Nil	Nil
	(ii) For the previous financial year of the subsidiary company since they become the holding company's subsidiaries	Nil	Nil	Nil	Nil

* Pre-operative expenses carried forward to Balance Sheet

For and on behalf of Board of Directors

Place : New Delhi
Dated : 23.9.2003

(C.P. JAIN)
CHAIRMAN & MANAGING DIRECTOR

PARTICULARS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS), RULES 1988

A. CONSERVATION OF ENERGY

(a) Energy conservation measures taken

Some of the important energy conservation measures taken during the year 2002-03 in different areas are as under:

Energy Audits

During the year 2002-03, 138 in-house energy audits in the areas of auxiliary power consumption, water balance, cooling water system, compressed air, coal handling plant, ash handling system, boilers, turbines, GT Compressors, GT open cycle efficiency, WHRB, lighting, thermal insulation were carried out at different stations. To enhance competency of energy auditors, seven training programmes on 'Practical energy audit' at different project sites of NTPC were held.

Auxiliary Power Consumption

Using vapour absorption system of air conditioning, ambient condition based and actual requirement based operation of Circulating Water system auxiliaries and air handling units, reduction in load on boiler draft system equipment by attending duct leakages, optimising ash to water ratio and using 0.5 w LED indicating lamps in place of conventional 7w lamps etc.

Heat Energy

Repair of thermal insulation, periodic cleaning of condenser water boxes and tubes etc.

Fuel Oil

Recycling of dirty lubricating oil into fuel oil cycle, using Trevy Test method during safety valve floating etc.

DM Water

Attending to DM water/steam leakages etc.

Miscellaneous Water

Performance based chemical treatment of water and maintaining appropriate Cycle of Concentration in Circulating Water system, controlling ash water ratio.

Diesel/ MGR Fuel

Using energy efficient piston ring kits in locos, reduction in idle running of locos, dozers etc.

Lubricants

Recovering waste oil, purifying and reusing the same and attending leakages in the lubricating oil systems etc.

Lighting

Using energy efficient lamps and gadgets like Compact Fluorescent Lights, electronic chokes, timers etc.

Non Conventional Energy

Using solar water heaters.

(b) Additional investment and proposals for reduction in consumption of energy:

- Provision of Rs.359 lakh has been kept in BE 2003-04 for various energy conservation schemes like:
 - Energy Audit Instruments
 - Energy Efficient devices in lighting
 - Vapour Absorption System for Air Conditioning
 - Solar Water Heaters
 - Soft Starter for Motors
 - FRP Blades for CT Fans

c) Impact of the measures taken at (a) above

Sl. No.	Area /Activity	Energy Unit	Savings Qty. of Units	Rs.(Million)
1.	Electrical (including 8.91 MU in lighting)	MU	153.813	217.536
2.	Heat Energy(equivalent to MT of coal)	MT	71438.04	54.009
3.	Fuel Oil	KL	1276.08	13.127
4.	DM Make up water	MT	66852	.234
5.	Miscellaneous Water	M.Cu. M	18.749	21.611
6.	Diesel/MGR Fuel	KL	65.23	1.485
7.	Lubricants	KL	262.531	6.776
8.	Gas/Naphtha	MT	42.9	.570
9.	Chemicals/Misc.			1.306
Total			316.654	

Saving achieved during 2002-03 on account of specific efforts for energy conservation:-

Savings achieved during 2001-2002 = Rs. 295.163 Million

B. TECHNOLOGY ABSORPTION

Efforts made towards technology absorption as per Form-B

(Form-B is enclosed)

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Activities relating to export initiative taken to increase export, development of new export markets for products and services and export plan :

Total Foreign Exchange Used/ Earned (2002-03) Rs. Million

1. Foreign Exchange Outgo

a) Value of Imports calculated on CIF basis	
Capital Goods	529.07
Spare Parts	604.11
b) Expenditure	
Professional and Consultancy Charges	43.60
Interest	2070.16
Others	13016.88

2. Foreign Exchange Earned

Consultancy	1.37
Interest	1.79
Others	1.29

FORM B

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO ABSORPTION OF TECHNOLOGY

RESEARCH & DEVELOPMENT (R&D)

1.0 Specific Areas in which R&D Activities have been carried out during 2002-03:

- a. Health assessment of -
critical components of the operating stations, both coal & gas fired, giving clear-cut recommendations for run/repair/refurbish/replace and transformers/ Reactors through DGA, furfural content etc.
- b. Development of -
scale / corrosion inhibitor for controlling scaling, fouling and corrosion in cooling water systems of power plant, test for natural frequency of turbine blades and its applications in power plants and procedure for removal of fouling of WHRBs due to acid dew point corrosion.
- c. Studies on -
effects of steam impurities on turbine blades, effects of chloride and sulphate on stainless steel condenser tubes and behaviour of different forms of Sulphur on combustion of coal.
- d. Failure analysis of boiler & turbine components like boiler tubes, turbine blades etc.
- e. Condition monitoring of locomotives through wear - debris analysis and development of web based software for condition monitoring.
- f. Analysis of various problems of equipment vibrations and providing solutions for the same.
- g. Scientific investigations of some used GT components to assess their condition for further use.
- h. Development of residual life estimation of turbine oils by RBOT method.
- i. Creation of new facilities
- j. Significant increase in the provision of R&D services to other utilities.
- k. Environment audit of NTPC stations to ensure proper environmental monitoring and control.

2.0 Benefits derived as a result of above R&D:

- i) Through regular and systematic health assessment by way of latest NDT techniques, the life of hot gas path components like liners could be further extended beyond their expected life resulting into significant savings.
- ii) R&D analyzed the high vibration problems in CW pumps at Pragati Power, Delhi (due to which they were not able to commission the units) and established resonance problem as the cause. Stiffeners were provided that brought down the vibration because of which units could be commissioned.
- iii) R&D developed the Natural Frequency Test (NFT) method by which it is possible to pin-point the looseness of LP Turbine blades in the roots, cracks in the rotor, looseness of lacing wires, etc. This was demonstrated successfully in number of NTPC stations and other Utilities and based on the findings, remedial measures could be taken in time. This will reduce the forced outages in the stations.

- iv) Due to development of Web based software for condition monitoring of locomotives possible failures of some of the locomotives could be averted resulting into huge savings.
- v) Due to systematic health assessment of Transformers, number of transformers could be saved from incipient failures.
- vi) Chemical formulation development by R&D with commercially available chemicals in the Indian market to reduce scaling / corrosion / fouling in a cost effective manner and thereby improving heat transfer, efficiency and reliability of the CW system.
- vii) R&D through on-site studies developed a procedure for safe removal of fouling caused by corrosive products in WHRBs by acid dew point corrosion. The procedure has been implemented at site resulting in recovery of 2.3 MW each from two boilers.
- viii) Studies carried out on effects of steam impurities on turbine blades carried out will help in identifying the effects of various impurities on steam turbines and would thus help in preventing damages to the plant equipment and improve availability.
- ix) Development of residual life estimation of turbine oils by RBOT method will help in health assessment and extension of life of turbine oils and thus reduce maintenance.
- x) In order to make optimum use of the facilities and expertise available at R&D Centre, R&D increased its services significantly to other utilities like, Pragati Power, Delhi; HPGCL, Faridabad; SPSCCL, Durgapur & Rourkela; PSEB; Karnataka Power, NHPC, etc. as such other utilities could also benefit from the expertise available at R&D Centre.
- xi) Environment audit carried out by R&D at all NTPC stations lead to further improvement in the environment monitoring system existing at the power stations.
- xii) Because of the scientific investigations of the used GT components carried out, the components having remnant life were identified and utilized thereby the unit could be put in operation within very short time thus significantly increasing the availability.

3.0 Future Plan (2003-04)

In future R&D Centre intends to work on alternate fuels, distributed power generation, new technologies, fuel cell technology, non-conventional energy sources etc. To finalize the future plans, help of IIT-Delhi and other leading National and International Institutes is being taken. The following applied research projects will also be undertaken:

Corrosion behaviour studies of seawater at higher COC for use in Ash handling system and cooling water systems at Simhadri Power Station.

Establishing mechanical properties-Hardness correlations for in-situ health assessment of UDIMET-520 GT blade material.

To define level of degradation in metallurgical microstructures & mechanical properties for determination of end life criteria of gas turbine inlet segments.

Characterization & quantification of deposits of turbine blades & other high-pressure component parts of NTPC plants using various techniques.

Life assessment of super-heater/re-heater tubes by oxide thickness measurement.

4.0 Expenditure of R&D

(Rs.million)

	2002-03	2001-2002
a) Capital	3	9
b) Recurring	46	47
c) Total	49	56
d) Total R&D expenditure as a percentage of total turnover	0.0257%	0.0313%

Technology Absorption, Adaptation and Innovation

NTPC has been pioneering introduction, absorption and adaptation of latest generation technologies in the Indian Power Sector. Efforts continued for innovation too. The cost saving resulting from introduction of some of the innovations/technologies are as under:

Sl. No.	System Description	Saving in Cost
1.	Use of Supercritical parameters 255KG/sq.cm steam pressure & 540 C /568 C MS/RH steam temperature. (under implementation).	2.5% improvement in thermal efficiency; reduction in green-house gas emissions upto 79000 tonnes per annum CO ₂ for a typical 500 MW unit at 68.5% Plant Load Factor.
2.	Introduction of high performance 3D twisted, hollow banana type blades for LP turbine at Simhadri and Talcher.	3.2 Kcal/KWH improvement in Turbine Heat Rate.


Particulars of Technologies Imported During last Five Years

Sl. No.	Technology	Year	Status
1.	Introduction of high performance 3D twisted hollow banana type blades for LP turbine at Simhadri and Talcher.	2000	Being Implemented
2.	One of the largest Sea-water intake systems in the world for closed cycle condenser cooling at Simhadri	2000	Being Implemented

For and on behalf of the Board of Directors

Dated: 23.9.2003

Place: New Delhi


(C.P. JAIN)

CHAIRMAN & MANAGING DIRECTOR

Annexure-V to Directors' Report

STATISTICAL INFORMATION ON RESERVATION OF SCs/STs FOR THE YEAR 2002

1. REPRESENTATION OF SCs/STs IN NTPC

Overall strength of employees category-wise and SCs/ STs amongst them as on 1.1.2003 is given below:

Group	Employees On Roll	SCs	% age	STs	% age
A	8521	703	8.25	82	0.96
B	3121	491	15.73	145	4.64
C	8584	1469	17.11	561	6.53
D	3176	586	18.45	303	9.54
Total	23402	3249	13.88	1091	4.66

2. RECRUITMENT

Total posts filled and SCs/ STs amongst them during the year 2002 is given below:

Group	Total Recruitment	SCs	% age	STs	% age
(1)	(2)	(3)	(4)	(5)	(6)
A	290	37	12.75	21	7.24
B	-	-	-	-	-
C	51	3	5.88	2	3.92
D	30	7	23.33	2	6.66
Total	371	47	12.66	25	6.73

3. PROMOTION

Promotions, group-wise, during the year 2002 is given below:

Group	Total	SCs	% age	STs	% age
(1)	(2)	(3)	(4)	(5)	(6)
A	1140	102	8.94	5	0.43
B	573	101	17.62	35	6.10
C	1547	276	17.84	102	6.59
D	162	25	15.43	14	8.64
Total	3422	504	14.72	156	4.55

4. STEPS TAKEN TO FILL UP RESERVED VACANCIES

- Exclusive advertisements/notifications covering populous belts of SCs/STs.
- Notifications of vacancies to recognised SC/ST Associations.
- Announcement of vacancies on Doordarshan/ All India Radio.
- All major vacancies involving All India Competitive Selection Tests are circulated to all accredited SC/ST Associations as prescribed under the relevant Government Directives.
- Intimation of reserved vacancies to Directors of Social Welfare Boards in States/Union Territories.
- Exchange of SC/ST vacancies in the 3rd year of carry forward.
- Award of Annual Scholarships to the following extent to SC/ST students pursuing Degree/Diploma in Engineering course is given as under:

Degree Course

Rs. 1000/- p.m.

Diploma Course

Rs. 600/- p.m.

For and on behalf of the Board of Directors



(C.P. JAIN)

CHAIRMAN & MANAGING DIRECTOR

Place: New Delhi

Dated: September 23, 2003

Annexure-VI to Directors' Report

REVIEW OF ACCOUNTS OF NATIONAL THERMAL POWER CORPORATION LIMITED, NEW DELHI FOR THE YEAR ENDED 31st MARCH 2003 BY THE COMPTROLLER AND AUDITOR GENERAL OF INDIA.

NOTE: This review of accounts has been prepared without taking into account comments under Section 619(4) of the Companies Act, 1956, and qualifications contained in the Statutory Auditor's Report.

1. FINANCIAL POSITION

The table below summaries the financial position of the Company under broad headings for the last three years:

		(Rs. in Million)		
		2000-2001	2001-2002	2002-2003
Liabilities				
a) Paid up capital				
i) Government (including share application money pending allotment)		78125	78125	78125
ii) Others		-	-	-
b) Reserves and Surplus				
i) Free Reserves and Surplus		179458	207269	235769
ii) Foreign Project Reserve		4	4	4
ii) Capital Reserve		620	1127	1229
c) Borrowings				
i) From Government of India		24739	21943	1442
ii) From Financial Institutions		16487	27059	43232
iii) Foreign Currency Loans		51638	58159	55900
iv) Cash Credit		-	-	-
v) Others		5184	8651	31583
vi) Interest Accrued and Due		-	-	-
d)				
i) Current Liabilities & Provisions		67325	48146	45850
ii) Provision for Gratuity		-	-	-
e)				
i) Deferred Tax Liability		-	-	1
ii) Advance Against Depreciation		-	-	271
Total		423580	450483	493406
Assets				
f) Gross Block		323073	328912	366106
g) Less: Depreciation		138416	152131	167456
h) Net Block		184657	176781	198650
i) Capital Work-in-Progress & Construction Stores & Advances		38165	65550	63863
j) Investments		39915	40281	36674
k) Current Assets, Loans & Advances		160752	167799	194132
l) Deferred Tax Assets		-	-	-
m) Misc. Expenditure not written off		91	72	87
n) Accumulated Loss		-	-	-
Total		423580	450483	493406
o) Working Capital [K- d(i) -c (vi)]		93427	119653	148282
p) Capital Employed [h + o]		278084	296434	346932
q) Net Worth [a + b(i) - (n + m)]		257492	285322	313807
r) Net Worth per rupee of Paid-up Capital (in Rs.)		3.30	3.65	4.02

2. SOURCES AND UTILISATION OF FUNDS

Funds amounting to Rs.73311 Million from internal and external sources were realised and utilised during the year as detailed below:

		(Rs. in Million)
Sources of Funds		
a) Funds from operations:		
Profit after tax	36075	
Add: Depreciation	15325	51400
b) Increase in Borrowings		16345
c) Decrease in CWIP and Construction Stores & Advances		1687
d) Decrease in Investments		3607
e) Increase in Advance against Depreciation		271
f) Increase in Deferred Tax Liabilities		1
Total		73311
Utilisation of funds		
a) Increase in Miscellaneous Expenditure		15
b) Increase in Fixed Assets		37194
d) Dividend & Dividend Tax paid		11079
e) Increase in Working Capital (Excluding Dividend & Tax on Proposed Dividend)		25023
Total		73311

3. WORKING RESULTS

The working results of the Company for the last three years ending 31st March 2003 are given below:

		(Rs. in Million)		
		2000-01	2001-02	2002-2003
(i) Turnover (including Electricity Duty & Consultancy Income)		190650	179110	191821
(ii) Other income		9161	6725	4036
(iii) Profit Before Tax, Prior Period & Extra Ordinary Items		41537	37021	38343
(iv) Prior Period & Extra Ordinary Items		798	500	803
(v) Profit Before Tax		40738	37521	37540
(vi) Provision for Taxation		3400	2125	1465
(vii) Profit After Tax		37338	35396	36075
(viii) Proposed Dividend and Dividend Tax		8232	7079	7475

4. RATIO ANALYSIS

Some important ratios on the financial health and working of the Company at the end of the last three years ending 31st March 2003 are as under:

	2000-01	2001-02	2002-03
i) Liquidity ratio	2.39	3.49	4.23
Current ratio $[k/\{d(i)+C(vi)\}]$			
ii) Debt equity ratio	0.38	0.41	0.42
Long term debt to net worth $\{c(i \text{ to } iii)+c(v)/q\}$			

Profitability Ratios (in percentage)

a) Profit Before Tax to :			
i) Capital Employed $\{3(v)/p\}$	14.65	12.66	10.82
ii) Net Worth $\{3(v)/q\}$	15.82	13.15	11.96
iii) Turnover (including Electricity Duty & Consultancy) $\{3(v)/3(i)\}$	21.37	20.95	19.57
b) Profit After Tax to Equity	47.79	45.31	46.18
c) Earning per Share (in Rs)	477.92	453.07	4.62*

* Equity Shares with face value of Rs. 1000/- each have been split into equity shares of Rs. 10/- each in the current year.

5. INVENTORY LEVELS

The inventory levels at the close of the last three years ending 31st March 2003 are as under:

	2000-01	2001-02	2002-03
	(Rs. in Million)		
i) Coal and Fuel Oil	5077	6757	5015
ii) Chemicals and Consumables	792	810	634
iii) Components and Spares	11802	12003	11390
iv) Loose tools	61	58	51
v) Others	666	589	704

6. SUNDRY DEBTORS

The Sundry debtors and Sales in the last three years ending 31st March 2003 are as follows:

(Rs. in Million)

As at 31st March	Sundry debtors			Turnover (including Electricity Duty & Consultancy)	Percentage of Sundry Debtors to Turnover
	Considered Good	Considered Doubtful	Total		
2001	95851	10708	106559	190650	55.89
2002	115328	11344	126672	179110	70.72
2003	124349	14558	138907	191821	72.41

Sundry debtors to turnover increased from 70.72 percent in 2001-2002 to 72.41 percent in 2002-2003.

The age-wise break-up of the Sundry debtors at the end of 31st March 2003 is as under:

Debtors Outstanding for	(Rs. in Million)
Less than six months	10016
Six months to one year	7127
One year to three years	60985
More than three years	60779
Total	138907

(Revathi Bedi)

Principal Director of Commercial Audit
and Ex-Officio Member, Audit Board-III, New Delhi

Place: New Delhi

Dated: 19th September, 2003



Annexure-VI to Directors' Report

Comments of the Comptroller and Auditor General of India under section 619(4) of the Companies Act, 1956 on the accounts of National Thermal Power Corporation Limited for the year ended 31st March 2003.

CommentManagement Reply**A. Balance Sheet****Fixed Assets (Schedule 6)****Land: Freehold – Rs. 804.60 crore.**

Above includes deposits for Rs.15.63 crore placed with the court in connection with the cases filed by the land oustees for payment of enhanced compensation.

As per the accounting policy (2.3), the Company has been consistently treating the deposits relating to the land in possession as cost of land. This is also in line with the Guidance Note of the Institute of Chartered Accountants of India on 'Treatment of Expenditure During Construction Period.'

B. General

(i) A reference is invited to note no.6 of Notes on accounts (Schedule 28). The Company has reconciled the surcharge income of Rs.1099.25 crore, being 40% of total surcharge outstanding as on September 30, 2001 against various customers under the securitisation scheme. Further, the Company would be entitled to interest income of Rs.1078.24 crore (upto March 31, 2003) on the bonds to be issued by the customers for a reconciled amount of Rs.8456.81 crore yielding interest at a rate of 8.5 per cent per annum with effect from October 1, 2001 under the securitisation scheme. This has not been disclosed.

Under the Govt. of India scheme for one time settlement of dues of State Electricity Boards (SEBs), the State Governments are to issue 8.5% tax free bonds for agreed amount of dues and surcharge. Incentive is also payable by the Company to SEBs on compliance of certain conditions. All the three aspects of income and expenditure i.e. the surcharge income, the interest on bonds and the incentive payable as per the scheme are inter-related with the issue of bonds. As the bonds were not issued, full impact of the three aspects of the scheme could not be indicated. The factual position was disclosed in the Notes on Accounts in Schedule-28, para-6.

(ii) Contingent liabilities (Schedule 18) do not include a sum of Rs. 2.67 crore in respect of claim raised by a supplier towards supply of coal.

The claim of the supplier is not genuine and there is no liability whatsoever.

(Revathi Bedi)

Principal Director of Commercial Audit
and Ex-Officio Member, Audit Board-III, New Delhi

(C.P. Jain)

Chairman & Managing Director

Place: New Delhi**Dated: 19th September, 2003****Place: New Delhi****Date : 23rd September, 2003**

Annexure - VII to Directors' Report

PARTICULARS OF EMPLOYEES PURSUANT TO SECTION 217(2A) OF THE COMPANIES ACT, 1956

Name	Designation and Nature of duties	Remuneration	Qualification	Date of Commencement of Employment	Exp. (Yrs)	Age (Yrs)	Last Employment held
1.	2	3.	4	5	6	7	8.
Employed for the whole year							
VEDAVALLI T	STENO	27,10,211	B.A.	09/02/88	15	40	-
Employed for the part of year							
BANERJEE PK	GM	11,18,194	B Sc. (Engg.)	30/11/78	24	60	HEAVY ENGG. CO. LTD.
KHATTAR HC	SR. MGR	6,30,746	AMIE	30/06/80	22	60	INDIAN RAILWAYS
MOHINDRA MC	DGM	7,10,306	B Sc. (Engg.)	01/07/78	24	60	CEA
KHANNA JC	MGR	16,02,355	ICWA	11/03/80	22	57	IDPL
GUPTA AC	SR. MGR	20,36,845	B. Sc.(Engg.)	26/06/79	26	51	DESEIN CONSUL.
CHAKRABORTY AK	SR.MGR	26,45,483	BE (Elect.)	15/11/79	23	47	
NARASIMHAM AL	SR.MGR	22,59,260	AMIE	09/01/79	23	57	BALCO
NAIDU RVR	SR.MGR	20,40,716	DIP. CIVIL ENGG.	08/08/83	20	58	ALMCI
GUPTA SL	SR.SUPDT	11,19,977	B. Sc.(Engg.)	27/04/84	18	50	
SADASIVAM R	MGR	21,84,961	DIP. (Elect.)	15/02/82	21	54	BHEL

Note:

- Persons named above are/were employees of the Company.
- Remuneration includes salary, allowances, leave encashment, leave travel concession, payment for subsidised leased accommodation, reimbursement of medical expenses to employees and employer's contribution to Provident Fund and other funds. However, it does not include the monetary value of the medical treatment provided in the Company's dispensaries/hospitals of Project sites, since it can not be quantified employees-wise. In addition, the employees are entitled to gratuity/group insurance in accordance with Company's Rules.
- None of the employees listed above is related to any directors of the company.

For and on behalf of the Board of Directors

Place: New Delhi
Date: September 23, 2003


(C.P. JAIN)
CHAIRMAN & MANAGING DIRECTOR



Annexure-VIII to Directors' Report

STATISTICAL DATA OF GRIEVANCE CASES**2002-03**

Sl. No.	Particulars	Public Grievance Cases	Staff Grievance Cases
1.	Grievance cases outstanding at the beginning of the year	02	15
2.	Grievance cases received during the year	01	17
3.	Grievance cases disposed of during the year	03	28
4.	Grievance Cases outstanding at the end of the year	Nil	04

For and on behalf of the Board of Directors

(C.P. JAIN)

CHAIRMAN & MANAGING DIRECTOR

Place : New Delhi

Date : September 23, 2003

ACCOUNTING POLICIES

1. GRANTS-IN-AID

- Grants-in-aid received from the Central Government or other authorities towards capital expenditure as well as consumers' contribution to capital works are treated initially as Capital reserve and subsequently adjusted as income in the same proportion as the depreciation written off on the assets acquired out of the grants.
- Where the ownership of the assets acquired out of the grants vests with the government, the grants are adjusted in the carrying cost of such assets.

2. FIXED ASSETS

- 2.1 Fixed Assets are shown at historical cost.
- 2.2 Capital expenditure on assets not owned by the Company is reflected as a distinct item in Capital Work-in-Progress till the period of completion and thereafter in the Fixed Assets.
- 2.3 Deposits, payments/liabilities made provisionally towards compensation, rehabilitation and other expenses relatable to land in possession are treated as cost of land.
- 2.4 In the case of commissioned assets, where final settlement of bills with contractors is yet to be effected, capitalisation is done on provisional basis subject to necessary adjustment in the year of final settlement.
- 2.5 Assets and systems common to more than one generating unit are capitalised on the basis of engineering estimates/assessments.

3. CAPITAL WORK-IN-PROGRESS

- 3.1 In respect of supply-cum-erection contracts, the value of supplies received at site and accepted is treated as Capital Work-in-Progress.
- 3.2 Incidental Expenditure during Construction (net) including corporate office expenses (allocated to the projects pro-rata to the annual capital expenditure) for the year, is apportioned to Capital Work-in-Progress on the basis of accretions thereto.
- 3.3 Deposit work/cost plus contracts are accounted for on the basis of statements of account received from the contractors.
- 3.4 Claims for price variation/exchange rate variation in case of contracts are accounted for on acceptance.

4. FOREIGN CURRENCY TRANSACTIONS

4.1 TRANSLATION OF FINANCIAL STATEMENTS IN FOREIGN CURRENCIES

- 4.1.1 Items of income and expenditure except depreciation are translated at average rate for the year. Depreciation is converted at the rates adopted for the corresponding fixed assets.
- 4.1.2 Current assets and liabilities are translated at the closing rates, and fixed assets are translated at the rates in force when the transaction took place.
- 4.1.3 All translation differences are recognised as income/expense during the year in which they arise.

4.2 OTHER FOREIGN CURRENCY TRANSACTIONS

- 4.2.1 Foreign currency transactions are initially recorded at the rates of exchange ruling at the date of transaction.
- 4.2.2 Foreign Currency loans/deposits/liabilities are reported with reference to the rates of exchange ruling at the year-end and the difference resulting from such translation as well as due to payment/discharge of liabilities in foreign currency related to Fixed Assets/Capital Work-in-Progress is adjusted in their carrying cost and that related to current assets is recognised as revenue/expense during the year.

5. BORROWING COSTS

Borrowing costs attributable to the fixed assets during their construction/renovation and modernisation are capitalised. Such borrowing costs are apportioned on the average balance of capital work-in-progress for the year. Other borrowing costs are recognised as an expense in the period in which they are incurred.

6. INVESTMENTS

Investments are intended for long term and are carried at cost. Provision is made for diminution, other than temporary, in the value of such investments.

7. INVENTORIES

7.1 Inventories, other than scrap, are valued at cost, on weighted average basis.

7.2 Steel scrap is valued at realisable value.

8. PROFIT AND LOSS ACCOUNT

8.1 INCOME RECOGNITION

- a) Sale of energy is accounted for based on tariff rates approved by the Central Electricity Regulatory Commission. In case of power stations where the tariff rates are yet to be approved /agreed with beneficiaries, provisional rates are adopted.
- b) The incentives/disincentives are accounted for based on the norms notified/approved by the Central Electricity Regulatory Commission or agreements with the beneficiaries. In cases of power stations where the same have not been notified/approved/agreed with beneficiaries, incentives/disincentives are accounted for on provisional basis.
- c) Advance against depreciation, forming part of tariff to facilitate repayment of loans, is reduced from sales and considered as deferred revenue to be included in sales in subsequent years.
- d) The surcharge on late payment/ overdue sundry debtors for sale of energy is not treated accrued due to uncertainty of its realisation and is, therefore, accounted for on receipt.
- e) Interest/surcharge recoverable on advances to suppliers as well as warranty claims/liquidated damages are not treated accrued due to uncertainty of realisation/acceptance and are therefore accounted for on receipt/ acceptances.
- f) Income from Consultancy service is accounted for on the basis of actual progress/technical assessment of work executed or costs incurred, in line with the terms of respective consultancy contracts.
- g) Scrap other than steel scrap is accounted for in the accounts as and when sold.
- h) Insurance claims for loss of profit are accounted for in the year of acceptance. Other insurance claims are accounted for based on certainty of realisation.

8.2 EXPENDITURE

- a) Depreciation is charged as per Electricity (Supply) Act, 1948 on straight line method following the rates notified by regulations by the Central Electricity Regulatory Commission (CERC) constituted under the Electricity Regulatory Commissions Act, 1998 (a Central Act). In respect of assets, where rate has not been notified by regulations by the CERC, depreciation is provided on straight line method at the rates corresponding to the rates laid down under the Income Tax Act, 1961.
- b) Depreciation is provided on pro rata basis in the year in which the asset becomes available for use.
- c) Plant and machinery costing Rs. 5,000/- or less and such items with written down value of Rs. 5,000/- or less at the beginning of the year are fully depreciated.

- d) Where the cost of depreciable assets has undergone a change during the year due to increase/decrease in long term liabilities on account of exchange fluctuation, price adjustment, change in duties or similar factors, the unamortised balance of such asset is depreciated prospectively over the residual life determined on the basis of the rate of depreciation.
- e) Machinery spares which can be used only in connection with an item of fixed asset and whose use is expected to be irregular are capitalised and depreciated over the residual useful life of the related plant and machinery.
- f) Capital expenditure referred to in Para 2.2 is amortised over a period of 4 years, from the year in which the first unit of the project comes into commercial operation and thereafter from the year in which the relevant asset becomes available for use. However, such expenditure for community development in case of units fully under operation is charged off to revenue.
- g) Leasehold buildings are amortised over the lease period or 30 years whichever is lower. Leasehold land and buildings, whose lease period is yet to be finalised, are amortised over a period of 30 years.
- h) Expenses on training, recruitment, research and development and ex-gratia payments under Voluntary Retirement Scheme are charged to revenue in the year of incurrence.
- i) Expenditure on Leave Travel Concession to employees is recognized in the year of availment due to uncertainties in accrual.
- j) Expenses common to operation and construction activities are allocated to Profit and Loss Account and Incidental Expenditure during Construction in proportion of sales to annual capital outlay in the case of Corporate Office and sales to accretion to Capital Work-in-Progress in the case of projects.
- k) Net pre-commissioning income/expenditure is adjusted directly in the cost of related assets and systems.
- l) Prepaid expenses and prior period expenses/income of items of Rs.100,000/- and below are charged to natural heads of accounts.
- m) Carpet coal is charged off to coal consumption. However, during pre-commissioning period, carpet coal is retained in inventories and charged off to consumption in the first year of commercial operation. Windage and handling losses of coal as per norms are included in cost of coal.

9. RETIREMENT BENEFITS

- a) The liability for retirement benefits of employees in respect of Provident Fund and Gratuity, which is ascertained annually on actuarial valuation at the year end, are accrued and funded separately.
- b) The liabilities for leave encashment and post retirement medical benefits to employees are accounted for on accrual basis based on actuarial valuation at the year end.

10. FINANCE LEASES

- a) Assets taken on lease are capitalized at fair value or net present value of the minimum lease payments whichever is lower.
- b) Depreciation on the assets taken on lease is charged at the rate applicable to similar type of fixed assets as per Accounting Policy 8.2 (a). If the leased assets are returnable to the lessor on the expiry of the lease period, depreciation is charged over its useful life or lease period, whichever is shorter.
- c) Lease payments made are apportioned between the finance charges and reduction of the outstanding liability in respect of assets taken on lease.

BALANCE SHEET AS AT 31ST MARCH 2003

	SCHEDULE NO.	31.3.2003	Rs. million 31.3.2002
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Capital	1	78,125	78,125
Reserves and surplus	2	237,002	208,400
		<u>315,127</u>	<u>286,525</u>
DEFERRED REVENUE ON ACCOUNT OF ADVANCE AGAINST DEPRECIATION			
	3	271	-
LOAN FUNDS			
Secured loans	4	41,226	16,455
Unsecured loans	5	90,931	99,357
		<u>132,157</u>	<u>115,812</u>
DEFERRED TAX LIABILITY (NET)			
Less: Recoverable		44,379	-
		<u>44,378</u>	<u>-</u>
		<u>1</u>	<u>-</u>
TOTAL		<u>447,556</u>	<u>402,337</u>
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	6	366,106	328,912
Less: Depreciation		<u>167,456</u>	<u>152,131</u>
Net Block		<u>198,650</u>	<u>176,781</u>
Capital Work-in-Progress	7	51,543	52,038
Construction stores and advances	8	12,320	13,512
		<u>262,513</u>	<u>242,331</u>
INVESTMENTS			
	9	36,674	40,281
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	10	17,712	20,176
Sundry debtors	11	124,349	115,328
Cash and bank balances	12	5,447	12,048
Other current assets	13	25,142	5,511
Loans and advances	14	21,482	14,736
		<u>194,132</u>	<u>167,799</u>
LESS: CURRENT LIABILITIES AND PROVISIONS			
Liabilities	15	34,202	31,881
Provisions	16	11,648	16,265
		<u>45,850</u>	<u>48,146</u>
Net current assets		<u>148,282</u>	<u>119,653</u>
MISCELLANEOUS EXPENDITURE			
(to the extent not written off or adjusted)	17	87	72
TOTAL		<u>447,556</u>	<u>402,337</u>
Contingent liabilities	18		
Notes on accounts	28		

Schedules 1 to 28 and accounting policies form integral part of accounts.

(A. K. BAJPAIE)
Company Secretary(P. NARASIMHARAMULU)
Director (Finance)(C. P. JAIN)
Chairman & Managing Director

As per our report of even date

For K. K. SONI & CO.
Chartered AccountantsFor S.K. MITTAL & CO.
Chartered AccountantsFor LAKSHMINIWAS & JAIN
Chartered Accountants(K. K. SONI)
Partner(S.K. MITTAL)
Partner(LAXMINIWAS SHARMA)
PartnerFor VARDHAMAN & CO.
Chartered AccountantsFor B. C. JAIN & CO
Chartered Accountants(V. BASKARAN)
Partner(B.C. JAIN)
PartnerPlace: New Delhi
Dated: 16th July 2003

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2003

			Rs. million
	SCHEDULE NO.	Current Year	Previous Year
INCOME			
Sales	19	190,475	178,153
Provisions written back	20	3,988	107
Other income	21	4,036	6,725
Total		<u>198,499</u>	<u>184,985</u>
EXPENDITURE			
Fuel		110,312	103,991
Employees' remuneration and benefits	22	8,213	8,036
Generation, Administration & other expenses	23	10,869	11,640
Depreciation		15,291	13,784
Provisions	24	5,555	1,836
Interest and finance charges	25	9,916	8,677
Total		<u>160,156</u>	<u>147,964</u>
Profit before Tax, Prior Period Adjustments and Extraordinary items		38,343	37,021
Prior Period income/ expenditure (net)	26	803	1
Extraordinary item - Capital Receipt		-	501
Profit before tax		<u>37,540</u>	37,521
Provision for current tax		11,255	10,299
Less: Income Tax recoverable		9,791	8,174
		<u>1,464</u>	2,125
Profit after current tax		<u>36,076</u>	35,396
Provision for Deferred tax		3,545	-
Less: Deferred tax recoverable		3,544	-
		<u>1</u>	-
Profit after tax		<u>36,075</u>	35,396
Balance brought forward		1,496	2,808
Write back from Bonds Redemption Reserve		-	1,250
Balance available for appropriation		37,571	39,454
Transfer to Bonds Redemption Reserve		1,815	373
Transfer to Foreign Project Reserve		*	-
* Rs. 81,229/-			
Transfer to Capital Reserve		100	506
Transfer to General Reserve		27,500	30,000
Interim Dividend		4,000	-
Proposed dividend		3,080	7,079
Tax on proposed dividend		395	-
Balance carried to Balance Sheet		<u>681</u>	<u>1,496</u>
Incidental expenditure during construction	27		

(A. K. BAJPAIE)
Company Secretary

(P. NARASIMHARAMULU)
Director (Finance)

(C. P. JAIN)
Chairman & Managing Director

As per our report of even date

For K. K. SONI & CO.
Chartered Accountants

For S.K. MITTAL & CO.
Chartered Accountants

For LAKSHMINIWAS & JAIN
Chartered Accountants

(K. K. SONI)
Partner

(S.K. MITTAL)
Partner

(LAXMINIWAS SHARMA)
Partner

For VARDHAMAN & CO.
Chartered Accountants

For B. C. JAIN & CO
Chartered Accountants

(V. BASKARAN)
Partner

(B.C. JAIN)
Partner

Place: New Delhi
Dated: 16th July 2003

Schedule 1 CAPITAL

	31.3.2003	Rs. million 31.3.2002
AUTHORISED		
10,000,000,000 equity shares of Rs 10/- each (Previous year 80,000,000 equity shares of Rs. 1,000/- each)	<u>100,000</u>	<u>80,000</u>
ISSUED, SUBSCRIBED AND PAID-UP		
7,812,549,400 equity shares of Rs 10/- each (Previous year 78,125,494 equity shares of Rs. 1,000/- each) fully paid up	<u>78,125</u>	<u>78,125</u>

Schedule 2 RESERVES AND SURPLUS

Capital Reserve		
As per last Balance Sheet	1,127	620
Add: Additions during the year	<u>102</u>	<u>507</u>
	<u>1,229</u>	<u>1,127</u>
Bonds Redemption Reserve		
As per last Balance Sheet	773	1,650
Add: Transfer from Profit and Loss Account	<u>1,815</u>	<u>373</u>
Less : Write back during the year	<u>-</u>	<u>1,250</u>
	<u>2,588</u>	<u>773</u>
General Reserve		
As per last Balance Sheet	205,000	175,000
Add: Transfer from Profit and Loss Account	<u>27,500</u>	<u>30,000</u>
Less: Deferred tax adjustment	<u>*</u>	<u>-</u>
* Rs.4,00,000/-	<u>232,500</u>	<u>205,000</u>
Foreign Project Reserve		
As per last Balance Sheet	4	4
Add: Transfer from Profit and Loss Account	<u>#</u>	<u>-</u>
# Rs.81,229/-	<u>4</u>	<u>4</u>
Surplus, balance in Profit & Loss Account	<u>681</u>	<u>1,496</u>
Total	<u>237,002</u>	<u>208,400</u>

Schedule 3 DEFERRED REVENUE - ON ACCOUNT OF ADVANCE AGAINST DEPRECIATION

Revenue deferred during the year	<u>271</u>	<u>-</u>
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Schedule 4

SECURED LOANS

	Rs. million	
	31.3.2003	31.3.2002
Bonds		
10.5% (Tax Free) Secured Non-Cumulative Bonds of Rs1,000/- each redeemable at par on 24th March, 2004 (Eleventh Issue - Private Placement) * ¹	1,000	1,000
10% Secured Non-Convertible Taxable Bonds of Rs10,00,000/- each with five equal Separately Transferable Redeemable Principal Parts (STRPP) redeemable at par at the end of the 6th, 7th, 8th, 9th and 10th year respectively from 5th September, 2001 (Twelfth Issue - Private Placement) * ²	5,000	-
9.55% Secured Non-Convertible Non-Cumulative Taxable Redeemable bonds of Rs10,00,000/- each redeemable at par in ten equal annual instalments commencing from the end of 6th year and upto the end of 15th year from 18th April, 2002 (Thirteenth Issue -Part A - Private Placement) * ³	7,500	-
9.55% Secured Non-Convertible Non-Cumulative Taxable Redeemable bonds of Rs10,00,000/- each with ten equal Separately Transferable Redeemable Principal Parts (STRPP) redeemable at par at the end of 6th, 7th, 8th, 9th, 10th, 11th, 12th, 13th, 14th and 15th year respectively from 30th April, 2002 (Thirteenth Issue - Part B - Private Placement) * ³	7,500	-
8.05% Secured Non-Cumulative Non-Convertible Redeemable Taxable bonds of Rs10,00,000/- each with two equal Separately Transferable Redeemable Principal Parts (STRPP) redeemable at par at the end of 4th and 5th year respectively from 1st August, 2002 (Fourteenth issue - Private Placement) * ⁴	5,000	-
Loans and Advances from Banks		
Foreign Currency Term Loans (Guaranteed by Government of India) (Due for repayment within one year Rs.1,575 million, Previous year Rs. 1,333 million)* ⁵	15,223	15,455
Other Loans and Advances		
Assets taken on lease (Due for repayment within one year Rs.1 million)	3	-
TOTAL	41,226	16,455

Note:

1. Secured by equitable mortgage / hypothecation of all the present and future fixed assets and movable assets of Korba Super Thermal Power Station as first charge ranking pari passu with charge already created, subject to, however, company's bankers first charge on certain movable assets hypothecated to them for working capital requirement.
2. Secured by (I) English mortgage of the office premises of the company at Mumbai (II) Hypothecation of all the present and future movable assets of Singrauli Super Thermal Power Station as first charge, ranking pari-passu with charge already created, subject to, however, company's bankers' first charge on certain movable assets hypothecated to them for working capital requirement (III) Equitable Mortgage by deposit of title deeds of the immovable properties pertaining to Singrauli Super Thermal Power Station(secured during the year, shown as unsecured loan in previous year)
3. Secured by (I) English mortgage of the office premises of the Company at Mumbai, (II) hypothecation of all present and future movable assets of Singrauli Super Thermal Power Station and National Capital Power Station as first charge, ranking pari-passu with charge already created, subject to, however, company's bankers' first charge on certain movable assets hypothecated to them for working capital requirement and (III) Equitable mortgage of the immovable properties pertaining to Singrauli Super Thermal Power Station by extension of charge already created.
4. Secured by (I) English mortgage of the office premises of the Company at Mumbai, (II) hypothecation of all present and future movable assets of National Capital Power Station, Feroze Gandhi Unchahar Thermal Power Station and Dadri gas power station as first charge, ranking pari-passu with charge already created, subject to, however, company's bankers' first charge on certain movable assets hypothecated to them for working capital requirement and (III) Equitable mortgage of the immovable properties pertaining to Singrauli Super Thermal Power Station by extension of charge already created.
5. Secured by Equitable mortgage/hypothecation of all the present and future fixed and movable assets of Rihand Super Thermal Power Station as first charge, ranking pari-passu with charge already created, subject to, however, company's bankers first charge on certain movable assets hypothecated to them for working capital requirement.

Schedule 5

UNSECURED LOANS

	31.3.2003	Rs. million 31.3.2002
Fixed Deposits		
(Due for repayment within one year Rs.390 million, Previous year Rs.1,231 million)	5,067	2,651
Bonds		
10% Secured Non-Convertible Taxable Bonds of Rs10,00,000/- each with five equal Separately Transferable Redeemable Principal Parts (STRPP) redeemable at par at the end of the 6th, 7th, 8th, 9th and 10th year respectively from 5th September, 2001 (Twelfth Issue - Private Placement)	-	5,000
15% Secured Non-Cumulative, Non-Convertible, Redeemable, Taxable Bonds of Rs1,00,000/- each redeemable at par in two equal instalments on 31st March 2005 and 31st March 2006 with put and call option on or after 31st March 2004 (Fifteenth Issue (Part B) - Private Placement) *	403	-
13.6% Secured Non-Cumulative, Non-Convertible, Redeemable, Taxable Bonds of Rs1,00,000/- each redeemable at par in three annual instalments of 30%, 30% and 40% commencing from 28th September 2004 (Fifteenth Issue (Part C) - Private Placement) *	110	-
Other Loans and Advances		
From Banks and Financial Institutions		
Foreign Currency Term Loans(Guaranteed by Government of India, Due for repayment within one year Rs.1,156 million , Previous year Rs. 961 million)	24,531	20,173
Other Foreign Currency Term Loans (Due for repayment within one year Rs.7,314 million , Previous year Rs. 7,409 million)	16,146	22,531
Rupee Term Loans (Due for repayment within one year Rs.2,171 million , Previous year Rs.318 million)	43,232	27,059
From others		
Loans from Government of India (Due for repayment within one year Rs.458 million , Previous year Rs.2,949 million)	1,442	21,943
TOTAL	90,931	99,357

* To be secured by registered and/or equitable mortgage(s) by deposit of certain title deeds of immovable properties and hypothecation of movable properties

Schedule 6
FIXED ASSETS

Rs. million

	Gross Block				Depreciation				Net Block	
	As at 1.04.2002	Additions	Deductions/ Adjustments	As at 31.03.2003	As at 1.04.2002	For the year	Deductions/ Adjustments	Upto 31.03.2003	31.3.2003	31.3.2002
Land :										
(including development)										
Freehold	6,530	1,872	356	8,046	-	-	-	-	8,046	6,530
Leasehold	1,070	117	(148)	1,335	181	32	(8)	221	1,114	889
Roads, bridges, culverts & helipads	2,618	282	40	2,860	432	50	7	475	2,385	2,186
Building :										
Main plant	12,973	1,660	11	14,622	6,483	492	-	6,975	7,647	6,490
Others	12,915	1,029	195	13,749	2,742	297	22	3,017	10,732	10,173
Temporary erection	142	9	6	145	85	11	4	92	53	57
Water supply, drainage & sewerage	3,810	908	6	4,712	650	73	(6)	729	3,983	3,160
MGR track and signalling system	5,836	59	(11)	5,906	3,447	236	-	3,683	2,223	2,389
Railway Siding	1,491	769	80	2,180	303	35	-	338	1,842	1,188
Earth Dam Reservoir	513	877	(1)	1,391	94	18	-	112	1,279	419
Plant and machinery	273,329	25,948	(3,193)	302,470	133,023	13,489	(114)	146,626	155,844	140,306
Furniture, fixtures & other office equipment	2,527	195	18	2,704	1,548	99	(1)	1,648	1,056	979
EDP, WP machines and SATCOM equipments	1,681	166	25	1,822	1,077	231	21	1,287	535	604
Vehicles including speedboats	110	4	8	106	86	4	7	83	23	24
Construction Equipment	762	17	63	716	513	40	59	494	222	249
Electrical Installations	1,335	258	27	1,566	689	66	6	749	817	646
Communication Equipments	512	49	27	534	272	18	6	284	250	240
Hospital Equipments	157	8	1	164	92	12	1	103	61	65
Laboratory and workshop equipments	136	3	32	107	106	5	27	84	23	30
Leased assets - Vehicles	-	3	-	3	-	-	-	-	3	-
Capital expenditure on assets not owned by the company	459	477	-	936	308	148	-	456	480	151
Unserviceable/Obsolete assets at net book value or net realisable value whichever is less	6	-	(26)	32	-	-	-	-	32	6
Assets of Government	26	-	-	26	-	-	-	-	26	26
Less : Grants from Government	26	-	-	26	-	-	-	-	26	26
Total	328,912	34,710	(2,484)	366,106	152,131	15,356	31	167,456	198,650	176,781
Previous year	323,074	4,689	(1,149)	328,912	138,416	13,833	118	152,131	176,781	184,658

Deduction/Adjustments from Gross Block includes

	Current Year	Previous Year
Disposal/Retirement of assets	409	131
Cost adjustments	(1,158)	(849)
Assets capitalised with retrospective effect/Write back of excess capitalisation	(603)	(86)
Depreciation on construction equipment capitalised as IEDC	2	-
Others	(1,134)	(345)

Rs. million

Deduction/Adjustments from Depreciation includes

	Current Year	Previous Year
Disposal/Retirement of assets	275	94
Assets capitalised with retrospective effect / Write back of excess capitalisation	(271)	22
Depreciation on construction equipment capitalised as IEDC	2	-
Others	25	2

Depreciation for the year is allocated as given below :

Charged to Profit & Loss account	15,291	13,784
Transferred to Incidental Expenditure during Construction (Schedule 27)	65	49
	15,356	13,833

Plant and Machinery costing Rs. 5000/- or less and such items with written down value upto Rs. 5,000/- at the beginning of the year written off through fixed asset schedule by way of 100% depreciation

4 6

Schedule 7**CAPITAL WORK-IN-PROGRESS**

	As at 1.04.2002	Additions	Deductions & Adjustments	Capitalised	As at 31.03.2003
Development of land	256	59	-	8	307
Roads, bridges, culverts & helipads	267	297	9	282	273
Piling and foundation	797	53	850	-	-
Buildings :					
Main plant	2,990	1,320	335	1,660	2,315
Others	977	568	65	1,029	451
Temporary Erection	5	11	1	6	9
Water Supply, drainage and sewerage system	770	226	(17)	907	106
Dams, Spillways weirs, canals, reinforced concrete flumes and siphons	-	401	-	-	401
MGR track and signalling system	33	306	6	59	274
Railway siding	959	197	298	769	89
Earth Dam Reservoir	623	201	(53)	877	-
Plant and Machinery :					
On own account	441	583	505	352	167
On supply-cum-erection contract	43,326	26,329	(745)	24,899	45,501
Furniture, fixtures and other office equipment	35	41	(24)	92	8
EDP/WP Machines & SATCOM equipment	9	61	3	41	26
Construction equipment	-	2	2	-	-
Electrical Installations	91	187	(35)	253	60
Communication Equipment	11	43	10	25	19
Capital Expenditure on assets not owned by the company	65	208	(269)	477	65
	51,655	31,093	941	31,736	50,071
Expenditure pending allocation					
Survey, investigation, consultancy and supervision charges	338	70	14	-	394
Difference in exchange on foreign Loans	(500)	4,487	3,978	-	9
Expenditure towards diversion of forest land	-	782	-	-	782
Pre-Commissioning expenses (net)	300	197	253	-	244
Incidental Expenditure During Construction	245	4,248	-	-	4,493
Less: Allocated to Capital Work-in-Progress	-	4,352	-	-	4,352
	52,038	36,525	5,186	31,736	51,641
Less: Provision for unserviceable CWIP	-	52	(46)	-	98
Total	52,038	36,473	5,232	31,736	51,543
Previous Year	27,896	28,956	1,086	3,728	52,038

Schedule 8**CONSTRUCTION STORES AND ADVANCES**

	Rs. million	
	31.3.2003	31.3.2002
CONSTRUCTION STORES		
(At cost, as certified by Management)		
Steel *	921	851
Cement *	55	130
Others *	6,094	4,556
	7,070	5,537
Less: Provision for shortages	17	15
	7,053	5,522
ADVANCES FOR CAPITAL EXPENDITURE		
Secured	88	15
Unsecured, considered good		
Covered by bank guarantees	3,783	6,376
Others	1,396	1,599
Considered doubtful	58	40
	5,325	8,030
Less: Provision for bad & doubtful advances	58	40
	5,267	7,990
Total	12,320	13,512
*Includes material in transit, under inspection and with contractors	5,644	4,416

Schedule 9**INVESTMENTS**

	No. of Shares/ Bonds	Face value per share/bond (Rs)	31.3.2003	31.3.2002
	Current Year/ (Previous Year)			
TRADE INVESTMENTS (fully paid up, at cost Unquoted unless otherwise stated)				
Equity Shares				
Management and Technology Application (India) Ltd.	- (16333)	10	-	-
Less: Provision for diminution in value			-	-
Utility Powertech Ltd.	1000000 (1000000)	10	10	10
NTPC Alstom Power Services Private Limited	3000000 (3000000)	10	30	30
Power Trading Corporation of India Ltd.	6000000 (6000000)	10	60	60
NTPC-SAIL Power Company Private Limited	58650050 (58650050)	10	587	587
Bhilai Electric Supply Company Private Limited	16600000 (16600000)	10	166	166
			853	853
Equity Shares of subsidiary companies				
Pipavav Power Development Company Limited (PPDCL)	360000 (50000)	10	4	@
NTPC Electric Supply Company Limited (NESCL)	50000	10 @		-
NTPC Vidyut Vyapar Nigam Limited (NVVNL)	50000	10 @		-
NTPC Hydro Limited (NHL)	50000	10 @	1	-
Share application money pending allotment (A)			1	-
			6	-

			Rs. million	
	No. of Shares/ Bonds	Face value per share/bond (Rs)	31.3.2003	31.3.2002
	Current Year/ (Previous Year)			
Bonds (Quoted)				
13.6% Non-Convertible Redeemable Transmission Corporation of Andhra Pradesh Limited (APTRANSCO) Bonds, Series - 1/99, 2006 (B)	28500 (27400)	100000	2,850	2,740
13% Redeemable Non-Convertible Transmission Corporation of Andhra Pradesh Limited (APTRANSCO) Bonds, Series - 1/2000, 2007	35000 (35000)	100000	3,500	3,500
12.3% Secured Non convertible Redeemable Andhra Pradesh Power Finance Corporation Limited (APPFCL) Bonds, Series - 11/2001, 2008 (C)	41000 (41000)	100000	4,100	4,100
			<u>10,450</u>	<u>10,340</u>
Bonds				
15% Secured Redeemable Non-Convertible Non-Cumulative Grid Corporation of Orissa Limited (GRIDCO) Power Bonds, Series - III/98, 2008	20000 (20000)	100000	2,000	2,000
11.75% Secured Redeemable Non-Convertible Kerala State Electricity Board (KSEB) Bonds, 2007	17000 (17000)	100000	1,700	1,700
12.5% Secured Non convertible Redeemable Western Electricity Supply Company of Orissa Limited (WESCO) Bonds, Series - I/2000, 2007	10300 (10300)	100000	1,030	1,030
12.5% Secured Non convertible Redeemable North Eastern Electricity Supply Company of Orissa Ltd. (NESCO) Bonds, Series - I/2000, 2007	16700 (16700)	100000	1,670	1,670
12.5% Secured Non convertible Redeemable Southern Electricity Supply Company of Orissa Limited (SOUTHCO) Bonds, Series - I/2000, 2007	13000 (13000)	100000	1,300	1,300
12.5% Secured Non convertible Redeemable Grid Corporation of Orissa Limited (GRIDCO) Bonds, Series - I/2000, 2007	11381 (11381)	100000	1,138	1,138
14 % Secured Redeemable Non-convertible Gujarat Electricity Board (GEB) , Series - III/2001, 2008	- (13000)	100000	-	1,300
12.20 % Redeemable, Non-convertible, Non-cumulative Punjab State Electricity Board (PSEB) Bonds, Series 4th (2000-2001), 2008	600 (600)	500000	300	300
13% Unsecured Non-Convertible Non-cumulative Redeemable Haryana Vidyut Prasaran Nigam Limited (HVPNL) Bonds, 2007	2500 (2500)	1000000	2,500	2,500
11 % Regular Interest Government of Uttar Pradesh Bonds, 2010	1 (1)	500000000	500	500
11 % Regular Interest Government of Uttar Pradesh Bonds, 2007	1 (1)	5000000000	5,000	5,000
12.5 % Non convertible & Redeemable Jammu and Kashmir Government Bonds, 2007 (D)	2224 (3400)	1000000	2,224	3,400
11% Redeemable Non-convertible Non-cumulative Haryana Vidyut Prasaran Nigam Limited (HVPNL) Bonds, 2011	1 (1)	3450000000	3,450	3,450
11% Redeemable Non-convertible Gujarat Electricity Board (GEB) Bonds, 2009	- (38000)	100000	-	3,800

			Rs. million	
	No. of Shares/ Bonds	Face value per share/bond (Rs)	31.3.2003	31.3.2002
	Current Year/ (Previous Year)			
14 % Secured Redeemable Non-convertible Gujarat Electricity Board (GEB) Bonds, 2008	13000	100000	1,300	-
15.75% Secured Redeemable Non Convertible Non cumulative Andhra Pradesh State Electricity Board (APSEB) Vidyut Bonds, Series 1/98, 2005 (E)	8500	100000	850	-
15% Secured Redeemable Non Convertible Non cumulative Andhra Pradesh State Electricity Board (APSEB) Vidyut Bonds, Series 1/98, 2006 (E)	4031	100000	403	-
			25,365	29,088
Shares in Cooperative Societies			B	B
TOTAL			36,674	40,281
Quoted Investments				
Book Value			10,450	6,240
Market Value (F)			7,845	*
Unquoted Investments				
Book Value			26,224	34,041
(A) Since allotted; NTPC Electric Supply Company Limited (NESCL) Rs. 309100/- NTPC Vidyut Vyapar Nigam Limited (NVVNL) Rs.323100/- NTPC Hydro Limited (NHL) Rs.323100/-				
(B) Bonds amounting to Rs.110 million lodged for transfer				
(C) Listed during the year				
(D) Bonds for Rs.3.90 million lodged for split				
(E) Lodged for transfer				
(F) Excluding 13.6% Non Convertible Redeemable APTRANSCO Bonds, Series-1/99, 2006 of Rs2,850 million which have not been traded during the year				
* Not available since not traded during the year				
# At cost Rs. 163,330/-, provision for diminution in value Rs. 152,224/-, written off during the year.				
@ Rs. 5,00,000/-				

B Shares in Co-operative societies held by the Company

			Rs.	Rs.
NTPC Employees Consumers and Thrift Co-operative Society Ltd. Korba	500 (500)	10	5,000	5,000
NTPC Employees Consumers and Thrift Cooperative Society Ltd. RSTPP	250 (250)	10	2,500	2,500
NTPC Employees Consumers Cooperative Society Ltd. Farakka	500 (500)	10	5,000	5,000
NTPC Employees Consumers Cooperative Society Ltd. Vindhyachal	108 (108)	25	2,700	2,700
NTPC Employees Consumers Cooperative Society Ltd. Anta	500 (500)	10	5,000	5,000
NTPC Employees Consumers Cooperative Society Ltd. Kawas	500 (500)	10	5,000	5,000
NTPC Employees Consumers Cooperative Society Ltd. Kaniha	250 (250)	20	5,000	5,000
			30,200	30,200

Schedule 10**INVENTORIES**

(Valuation as per Accounting Policy No. 7, As certified by Management)

	31.3.2003	Rs. million 31.3.2002
Components and spares	11,390	12,003
Loose tools	51	58
Coal	3,787	5,531
Fuel Oil	772	853
Naphtha	456	373
Chemicals & consumables	634	810
Others	652	525
Steel Scrap	52	64
	17,794	20,217
Less : Provision for shortages	32	22
Provision for obsolete/ unserviceable items	50	19
	17,712	20,176
Inventories include stores in transit	751	689

Schedule 11**SUNDRY DEBTORS**

Outstanding over six months		
Unsecured, considered good	114,333	100,271
Considered doubtful	14,558	11,344
	128,891	111,615
Others		
Unsecured, considered good	10,016	15,057
	138,907	126,672
Less: Provision for bad & doubtful debts	14,558	11,344
	124,349	115,328

Schedule 12**CASH & BANK BALANCES**

Cash on hand (includes cheques, drafts, stamps on hand of Rs 870 million, Previous year Rs 3,142 million)	874	3,146
Remittances in transit	738	167
Balance with Reserve Bank of India earmarked for fixed deposits from public	308	282
Balances with scheduled banks		
Current Account	954	1,463
Cash Credit Account	1,512	1,319
Call Deposit Account	-	5,615
Term Deposit Account *	1,009	9
Balances with other banks		
Current Account		
Standard Chartered Bank Nepal Limited, Kathmandu (maximum amount outstanding at any time during the year Rs. 1 million, previous year Rs. 1 million)	-	1
Call Deposit Account		
West Merchant Bank Limited, London	52	46
(maximum amount outstanding at any time during the year Rs. 52 million, previous year Rs.52 million)	5,447	12,048

* Rs 9 million (Previous year Rs. 9 million) deposited as security with Government authorities/as per court orders

Schedule 13**OTHER CURRENT ASSETS**

		Rs. million
	31.3.2003	31.3.2002
Interest accrued on bonds	6,293	3,768
Public deposit account with Government of India	17,360	1,010
Interest accrued thereon	1,087	601
Others	402	132
	25,142	5,511

Schedule 14**LOANS AND ADVANCES****LOANS**

Employees (including accrued interest)

Secured	4,044	3,394
Unsecured, considered good	1,690	1,740
Considered doubtful	1	1

Others

Unsecured, considered good	9	11
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ADVANCES TO SUBSIDIARY COMPANIES

Unsecured, considered good	61	63
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ADVANCES RECOVERABLE IN CASH OR IN KIND OR FOR VALUE TO BE RECEIVED

Government of India (for transfer of transmission systems)

Unsecured, considered good	1,266	1,430
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Contractors & suppliers, including material issued on loan

Unsecured, considered good	315	270
Considered doubtful	2	4

Employees (including imprest)

Unsecured, considered good	59	61
Considered doubtful	1	1

Claims recoverable

Unsecured, considered good	4,676	1,611
Considered doubtful	47	52

Others

Unsecured, considered good	953	846
Considered doubtful	2	2

	13,126	9,486
Less: Provision for bad and doubtful loans, advances and claims	53	60
	13,073	9,426

Deposits with customs, port trust and other authorities (#)

161	167
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Advance tax deposit & tax deducted at source

16,902	14,572
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Less: Provision

8,654	9,429
8,248	5,143

21,482	14,736
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Sales Tax deposited under protest with sales tax authorities

76	73
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Due from Directors & Officers of the company

	Maximum Amount		
	2002 - 03	2001-02	
Directors	0.89	1.08	0.47
Officers	296.51	233.32	183.04

Schedule 15**CURRENT LIABILITIES**

	Rs. million	
	31.3.2003	31.3.2002
Sundry Creditors		
For capital expenditure		
Small Scale Industrial Undertakings	1	-
Others	12,071	9,196
For goods and services		
Small Scale Industrial Undertakings	8	11
Others	11,878	12,202
Deposits, retention money from contractors and others	7,954	7,231
Less : Investments held as security	94	168
	31,818	28,472
Advances from customers and others	337	200
Other liabilities	446	1,438
Interest Accrued but not due :		
Government of India	53	910
Foreign currency loans	388	420
Term loans in Indian currency	274	247
Bonds	799	125
Fixed deposits from public	87	69
	34,202	31,881

Schedule 16**PROVISIONS**

Proposed dividend	3,080	7,079
Tax on proposed dividend	395	-
Retirement benefits	2,419	1,634
Tariff adjustment	3,926	6,450
Interest/ Interest differential on bonds	1,702	1,049
Others	126	53
	11,648	16,265

Schedule 17**MISCELLANEOUS EXPENDITURE****(To the extent not written off or adjusted)**

Survey and investigation of new projects		
Balance as per last Balance Sheet	72	90
Additions	25	29
Less: Deductions / Adjustments	10	47
	87	72

Schedule 18

CONTINGENT LIABILITIES

		Rs. million
	31.3.2003	31.3.2002
Claims against the Company not acknowledged as debts in respect of:		
Capital Works	5,163	3,968
Land compensation cases	9,924	5,593
Others	3,828	3,309
Disputed Sales Tax demand	318	263
Letters of Credit other than for capital expenditure	1,205	1,030
Others	45	40
	<u>20,483</u>	<u>14,203</u>

Schedule 19

SALES

	Current Year	Previous Year
Energy Sales (including Electricity Duty)	191,636	178,654
Less: Electricity Duty	1,346	957
Less : Advance against Depreciation	271	-
	<u>190,019</u>	<u>177,697</u>
Energy internally consumed	187	171
Consultancy, project management and supervision fees (including turnkey construction project)	269	285
	<u>190,475</u>	<u>178,153</u>

Schedule 20

PROVISIONS WRITTEN BACK

Doubtful debts	926	62
Doubtful claims and advances	10	6
Doubtful construction advances	16	14
Adjustment in Tariff	2,524	-
Interest/ Interest difference on Bonds	490	-
Shortages in construction stores	4	1
Shortages in stores	15	21
Others	3	3
	<u>3,988</u>	<u>107</u>

Schedule 21

OTHER INCOME

	Rs. million	
	Current Year	Previous Year
Dividend from Investments (Gross) (Tax deducted at source Rs. 4 million , Previous year NIL)	36	57
Interest (Gross) (Tax deducted at source Rs. 256 million , Previous year Rs. 231million)		
Trade Investments - Bonds	3,460	4,841
Public Deposit Account with Government of India	1,087	601
Indian banks	157	26
Foreign banks	2	2
Employees' loans	306	273
Others	172	39
Interest on Income Tax refunds	387	279
Less: Amount refundable to customers (Including Rs. 156 Million for previous year)	360	-
	27	279
Surcharge on late payment from customers	5	109
Hire charges for equipment	6	6
Profit on sale of fixed assets	147	7
Miscellaneous income	893	530
	6,298	6,770
Less: Adjustment for surcharge on late payment from customers	2,176	-
	4,122	6,770
Less: Income transferred to incidental expenditure during construction Schedule 27 (E)	86	45
	4,036	6,725

Schedule 22

EMPLOYEES' REMUNERATION AND BENEFITS

Employees' remuneration and benefits		
Salaries, wages, bonus, allowances & benefits	6,410	6,161
Contribution to provident and other funds	1,180	1,334
Welfare expenses	1,352	1,359
	8,942	8,854
Less: Transferred to incidental expenditure during construction - Schedule 27 (A)	729	818
	8,213	8,036

Schedule 23**GENERATION, ADMINISTRATION & OTHER EXPENSES**

	Rs. million	
	Current Year	Previous Year
Power charges	334	325
Less: Recovered from contractors/employees	49	55
Water charges	285	270
Stores consumed	747	1,568
Rent	165	194
Repairs & Maintenance	58	41
Buildings	507	520
Plant & Machinery		
Power station	5,358	5,529
Construction equipment	23	17
	5,381	5,546
Others	229	214
Insurance	677	659
Rates and taxes	92	72
Water Cess & Environment Protection Cess	62	58
Training & Recruitment expenses	165	134
Less: Fees for training and application	6	2
	159	132
Communication expenses	143	170
Travelling Expenses	632	594
Tender expenses	45	38
Less: Receipt from sale of tenders	5	4
	40	34
Remuneration to Auditors		
Audit fee	3	3
Tax audit fee	1	1
In other capacity	2	1
Out of pocket expenses	4	3
	10	8
Advertisement and publicity	54	49
Security expenses	776	731
Entertainment expenses	11	10
Expenses for guest house	47	42
Less: Receipt from guest house	7	6
	40	36
Education expenses	113	108
Brokerage & commission	2	1
Donations	1	1
Research & development expenses	46	47
Community development and welfare expenses	55	92
Ash utilisation & marketing expenses	33	28
Less: Sale of ash products	1	1
	32	27
Books and periodicals	31	24
Professional charges and consultancy fees	92	50
Legal Expenses	31	70
EDP hire and other charges	86	73
Printing and stationery	74	77
Miscellaneous expenses	505	496
Stores written off	3	4
Claims/Advances written off	3	2
Survey & Investigation expenses written off	8	-
Loss on disposal/write-off of fixed assets	77	35
	11,227	12,013
Less: Expenses transferred to incidental expenditure during construction - Schedule 27 (B)	358	373
	10,869	11,640
Stores consumption included in repairs and maintenance	3,515	3,650

Schedule 24 PROVISIONS

	Rs. million	
	Current Year	Previous Year
Doubtful debts	4,140	699
Doubtful advances and claims	3	11
Doubtful advances for construction	34	7
Interest/Interest difference on Bonds	1,143	1,048
Shortage in stores	25	16
Obsolescence in stores	33	5
Shortage in construction stores	6	2
Unserviceable CWIP	52	46
Others	119	2
	5,555	1,836

Schedule 25 INTEREST AND FINANCE CHARGES

Interest on :

Bonds	2,265	602
Loans from Government of India	602	3,695
Foreign Currency Term Loans	2,070	2,074
Rupee Term loans	3,580	2,282
Public deposits	398	236
Others	88	68
	9,003	8,957

Finance Charges :

Bonds servicing & public deposit expenses	47	24
Guarantee Commission	400	298
Management/Arrangers' fee	-	27
Rebate to customers	3,557	2,584
Reimbursement of L.C.charges on Sales Realisation	37	68
Bank Charges	8	10
Bond Issue Expenses	6	9
Exchange differences (Net)	13	27
Others	6	137
	4,074	3,184

Less: Adjustment due to waiver of Guarantee Commission by Govt. of India

-	1,731
4,074	1,453
13,077	10,410

Less: Interest and Finance charges capitalised by transfer to incidental expenditure during construction Schedule 27 (D)

3,161	1,733
9,916	8,677

Schedule 26**PRIOR PERIOD INCOME/EXPENDITURE (NET)**

	Rs. million	
	Current Year	Previous Year
INCOME		
Sales	69	-
Others	3	(38)
	<u>72</u>	<u>(38)</u>
EXPENDITURE		
Salary, wages, bonus, allowances & benefits	7	3
Repairs and Maintenance	(15)	23
Depreciation	271	(21)
Interest	418	1
Guarantee Commission	-	(169)
Rates & Taxes	7	-
Power Charges	1	-
Rent	6	-
Others	201	1
	<u>896</u>	<u>(162)</u>
	<u>824</u>	<u>(124)</u>
Less: Incidental expenditure during construction - Schedule 27 (F)	21	(125)
	<u>803</u>	<u>1</u>

Schedule 27**INCIDENTAL EXPENDITURE DURING CONSTRUCTION****A. Employees remuneration and other benefits**

Salaries, wages, allowances and benefits	554	579
Contribution to provident and other funds	91	152
Welfare expenses	84	87
Total (A)	<u>729</u>	<u>818</u>

B. Other Expenses

Power	49	71
Less: Recovered from contractors	<u>3</u>	<u>1</u>
	46	70
Rent	9	5
Repairs & maintenance		
Buildings	20	24
Construction equipment	5	-
Others	<u>17</u>	<u>7</u>
	42	31
Insurance	4	2
Rates and taxes	14	15
Communication expenses	18	21
Travelling expenses	72	71
Tender expenses	9	9
Remuneration to auditors	1	1
Advertisement and publicity	10	9
Security expenses	31	33

Schedule 27

INCIDENTAL EXPENDITURE DURING CONSTRUCTION

	Rs. million	
	Current Year	Previous Year
Entertainment expenses	2	3
Guest house expenses	3	3
Education expenses	1	1
Books and periodicals	3	2
Community development expenses	4	3
Professional charges and consultancy fee	10	5
Legal expenses	3	7
EDP Hire and other charges	8	7
Printing and stationery	7	10
Miscellaneous expenses	61	65
Total (B)	358	373
Depreciation (C)	65	49
TOTAL (A+B+C)	1,152	1,240
D. Interest and Finance Charges Capitalised		
Interest on:		
Bonds	404	258
Foreign Currency Term Loans	256	238
Rupee Term loans	2,370	1,325
Finance Charges:		
Guarantee Commission	123	203
Others	8	(58)
Less: Adjustment due to waiver of Guarantee Commission by Govt. of India	-	233
Total (D)	3,161	1,733
E. Less: Other Income		
Interest from		
Employees	22	11
Others	15	21
Hire Charges	2	2
Miscellaneous income	47	11
Total (E)	86	45
Prior Period Adjustment (F)	21	(125)
GRAND TOTAL (A+B+C+D-E+F)	4,248	2,803

Schedule 28
NOTES ON ACCOUNTS

1. a) The conveyancing of the title to **10140 acres** of freehold land of value **Rs. 2923.63 Million** (Previous Year 7332 acres, value Rs 967.57 Million) and execution of lease agreements for **6375 acres** of value **Rs. 771.53 Million** (Previous Year 6297 acres, value Rs. 654.60 Million) in favour of the Company are awaiting completion of legal formalities.
- b) The value of land shown in the books does not include cost of **1372 acres** (Previous year 1148 acres) of land in possession of the Company. This will be accounted for on settlement of the price thereof by the State Government Authorities.
- c) The cost of freehold land includes adjustments during the year due to:
 - i) Revision in liabilities towards compensation for land based on the orders of courts/other statutory authorities wherever applicable; and
 - ii) Interest on the compensation for land payable for the period after commissioning of the first unit of the related stage which is charged to revenue.
- d) Claims for enhancement of compensation for land which are pending for decisions of the courts, are disclosed as contingent liabilities.
2. a) Balances shown under debtors, advances, creditors and material lying with contractors/ fabricators and material issued on loan in so far as these have not been since realised/ discharged or adjusted are subject to confirmation/ reconciliation and consequential adjustment, if any.
- b) In the opinion of the management, the value of current assets, loans and advances on realisation in the ordinary course of business, will not be less than the value at which these are stated in the Balance Sheet.
3. a) Central Electricity Regulatory Commission (CERC) constituted under Electricity Regulatory Commission Act 1998, have issued orders in December 2000 with respect to the tariff norms, principles and Availability Based Tariff (ABT). The company filed an appeal against the orders of CERC before the Delhi High Court. Pending disposal of the appeal, CERC have notified, by regulations, the terms and conditions for determination of tariff, effective from 1st April 2001. Further, CERC have directed by notifications that the billing of sales shall continue to be done on the same basis as on 31st March, 2001, subject to adjustment on final determination of tariff by the Commission. Availability Based Tariff was implemented in Western, Northern and Southern region w.e.f 1st July, 2002, 1st December, 2002 and 1st January, 2003 respectively covering Singrauli, Korba, Ramagundam, Vindhyachal- Stage I&II, Rihand, Unchahar-I, Dadri (Thermal), Anta, Auraiya, Kawas, Gandhar, and Dadri (Gas). Billing in respect of these stations prior to the date of implementation of ABT was done on the same basis as on 31st March 2001 and from the respective dates of implementation of ABT, as per principles & methodology of ABT. Stations not covered under ABT during the year are Farakka, Kahalgaon, Talcher Super, Kayamkulam and Faridabad and billing for these stations was done on the same basis as on 31st March 2001. Since the billing so done is subject to adjustment with effect from 1st April 2001, sales have been provisionally recognized on the basis of tariff worked out as per CERC Regulations, 2001, pending disposal of the appeal and the final determination of the tariff by CERC. Billing thus done in case of above stations is **Rs 188143.80 Million** and the sales recognised is **Rs. 175082.60 Million**.
- b) In case of Unchahar station Stage-II, with the implementation of ABT in Northern Region w.e.f 1st December 2002, CERC by their order dated 23rd January 2003 determined a provisional two part tariff for billing superseding their earlier order of provisional single-part tariff. Accordingly billing has been done for **Rs 5879.80 Million** during the year. Since these provisional tariffs are subject to retrospective adjustment on final determination of tariff by CERC, sales have been adjusted by **Rs 1474.00 Million** including Rs 470.80 Million for previous year, based on the latest order of CERC.
- c) Sales include **Rs. 225.30 Million** pertaining to previous years based on the tariff orders issued by the CERC during the year. Provision for tariff adjustment of **Rs. 2523.53 Million** has been written back consequent upon issuance of tariff orders by the CERC.
- d) Supplementary bills for revision of tariff for Foreign Exchange Rate Variation and additional capital expenditure are accounted for in the year the revision of tariff is notified by CERC.

4. The Company has been providing for depreciation u/s 75 A of Electricity (Supply) Act 1948 following the rates notified by Government of India u/s 43 A (2) ibid upto the year 2000-01. With effect from 1st April 2001, CERC by Regulations notified the rates of depreciation, as section 43A (2) has been omitted by notification of the Government of India u/s 51 of the Electricity Regulatory Commissions Act, 1998. The Company has filed an appeal before the Delhi High Court against the CERC orders. Pending disposal of the appeal, depreciation for the year is provided u/s 75A of the Electricity (Supply) Act, 1948 at rates notified under CERC Regulations.
5. In accordance with the Uttar Pradesh Electricity Reforms (Transfer of Tanda Generation Undertaking) Scheme 2000, the assets of Tanda Power Station (440MW) of UP State Electricity Board (UPSEB) acquired for a total consideration of Rs.10000 Million were handed over to the Company free from all encumbrances. However, the charge created by UPSEB in favour of Life Insurance Corporation of India (LIC) before the assets were taken over is still to be vacated by LIC. CERC tariff orders for Tanda TPS issued during the year consider the capital cost of the station at Rs.6070 Million. Accordingly, in terms of the Power Purchase Agreement with the Uttar Pradesh Power Corporation Ltd.(UPPCL), the amount of Rs.3930 Million has been accounted as recoverable from UPPCL with corresponding adjustment in the cost of fixed assets. The cost of fixed assets has been adjusted as per report of independent valuer and depreciated in terms of accounting policy no. 8.2.d.
6. Under the Government of India Scheme for one time settlement of the dues of State Electricity Boards (SEBs) (the Scheme), 8.5% tax free bonds of the State Governments are to be issued to NTPC by the Reserve Bank of India for the amount of outstanding dues as on 30th September, 2001 and the late payment surcharge agreed to be securitised. Under the scheme there are also certain incentives payable to SEBs if the conditions thereto are complied with. In accordance with the Scheme, Tripartite Agreements for issuance of bonds with retrospective effect from 1st October 2001 have been signed during the year by the Government of India, Reserve Bank of India and Governments of 24 states. The bonds have not yet been issued as the State Governments are still to issue relevant notifications. The impact of the Scheme on the accounts of the Company will be ascertained and accounted for on issue of bonds of the respective State Governments, as the aforesaid surcharge, incentive and the interest on the bonds are interrelated. Further, the bonds issued by SEBs after 1st March, 1998 and outstanding as on 30th September, 2001 (existing bonds) are also eligible for conversion into 8.5% tax free bonds under the Scheme. The existing bonds carry a higher coupon rate and continue to be legally valid till withdrawn/replaced by agreement. Revenue has thus been recognized as per the coupon rate of the existing bonds. However, a provision of **Rs. 1143.16 Million** (Previous year Rs. 744.79 Million) has been made during the year towards interest differential on the said bonds agreed for conversion.
7. In 2000-01 the Company received 11% Gujarat Electricity Board(GEB) bonds of the nominal value of Rs.3800 Million and 14% GEB bonds of the nominal value of Rs.1300 Million in settlement of outstanding principal amount of Rs.4100 Million and Surcharge of Rs.1000 Million. Further, the Company received 12.5% Jammu & Kashmir Government Bonds of the nominal value of Rs. 1176 Million against surcharge in 2000-01. These bonds were returned to the respective issuers during the year, such return deemed to be effective from the date of issue of bonds.
8. The Company has provided **Rs.2806.70 Million** (Previous year Rs. 1681.60 Million) for amounts reimbursable to Government of India (GOI) in terms of Public Notice No. 38 dt. 5th November, 1999 and Public Notice No. 42 dated 10th October, 2002 towards cash equivalent of the relevant deemed export benefits paid by GOI to the contractors for Talcher Super Thermal Power Project Stage-II, based on the details provided by the contractors. The GOI is yet to certify the aforesaid amount to be reimbursed by the Company and to furnish the procedural details to deposit the amount. Pending receipt of such certification and details from the GOI, no interest has been provided on the amounts to be reimbursed since there is no stipulation for payment of interest in the Public Notices cited above.
9. The pre-commissioning expenses during the year amounting to **Rs.2325.24 Million** (Previous Year Rs305.36 Million) have been included in Fixed Assets/Capital work-in-progress after adjustment of pre-commissioning sales of **Rs. 2128.61 Million** (Previous Year Rs 5.22 Million) during the corresponding period, resulting in a net pre-commissioning expenditure of **Rs. 196.63 Million** (Previous Year Rs.300.14 Million).

10. The impact on the accounts for the year due to:

	Rs. Million
	Impact on Profit for the year
i) Interest referred in note. 1.c (including Rs. 402.72 Million as Prior Period Adjustment)	(481.11)
ii) Additional items of machinery spares identified during the year in terms of Accounting policy 8.2.e	(352.00)
iii) Return of Bonds to the issuers referred in note 7	(2986.72)

11. The effect of foreign exchange fluctuation during the year is as under :

- i The amount of exchange difference (net) debited to the Profit & Loss Account is **Rs. 36.18 Million** (Previous year Rs.4.13 Million).
- ii. The amount of exchange difference adjusted by way of debiting to the carrying amount of fixed assets and capital Work-in-Progress is **Rs. 4549.82 Million** (Previous year Rs.264.43 Million).

12. Government grants of Rs. 2 Million received during the year have been credited to capital reserve.

13. Borrowing costs capitalised during the year are **Rs. 3158.83 Million** (Previous Year Rs.1733.38 Million)

14. **Segment Reporting:**

Rs. Million

BUSINESS SEGMENTS						
	Generation		Others		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Revenue :						
Sale of Energy/ Consultancy, Project Management and Supervision fees	190,018.86	177,697.26	269.16	285.31	190,288.02	177,982.57
Internal Consumption of Electricity	187.51	170.63			187.51	170.63
Total	190,206.37	177,867.89	269.16	285.31	190,475.53	178,153.20
Segment Result	42,118.47	39,872.55	46.59	122.71	42,165.06	39,995.26
Unallocated Corporate Interest and Other Income					5,497.24	5,919.47
Unallocated Corporate expenses, interest and finance charges					10,122.35	8,894.64
Current Tax (Net)					1,463.50	2,124.62
Deferred Tax (Net)					0.80	
Extra ordinary items						500.77
Profit after Tax					36,075.65	35,396.24
Other information						
Segment assets	344,849.14	316,687.99	523.33	395.29	345,372.47	317,083.28
Unallocated Corporate and other assets					148,034.33	133,399.80
Total assets	344,849.14	316,687.99	523.33	395.29	493,406.80	450,483.08
Segment liabilities	25,722.41	27,037.96	251.27	206.39	25,973.68	27,244.35
Unallocated Corporate and other liabilities					152,034.50	136,713.93
Total liabilities	25,722.41	27,037.96	251.27	206.39	178,008.18	163,958.28
Depreciation	15,121.27	13,622.32	3.39	3.44	15,124.66	13,625.76
Non-cash expenses other than Depreciation	4294.86	787.92	-	-	4,294.86	787.92
Capital Expenditure	37,682.70	32,877.78	1.47	1.05	37,684.17	32,878.83



a) Business Segments

The Company's principal business is generation and sale of bulk power to SEBs/State utilities. Other business includes providing consultancy, training and management development services.

b) Segment Revenue and Expense

Revenue directly attributable to the segments is considered as Segment Revenue. Expenses directly attributable to the segments and common expenses allocated on a reasonable basis are considered as Segment Expenses.

c) Segment Assets and Liabilities

Segment assets include all operating assets comprising of net fixed assets and current assets, loans and advances. Construction work-in-progress, construction stores and advances are included in unallocated corporate and other assets. Segment liabilities include operating liabilities and provisions.

d) The Company has power stations located within the country and therefore, geographical segments are inapplicable.

15. Related Party Transactions

a) Related parties:

i) Joint ventures: Utility Powertech Limited, NTPC Alstom Power Services Private Ltd.

ii) Directors: Shri C.P. Jain, B.N. Ojha, A. Palit, K.K. Sinha, H.L. Bajaj, P. Narasimharamulu, T. Sankaralingam, S.L. Kapur

b) Summary of the transactions with related parties at a(i) above is as follows:

Rs. Million

Particulars	Transactions		Outstanding Amount	
	Current Year	Previous Year	31.3. 2003	31.3.2002#
Contracts for Works/Services Received by the Company	764.02	583.20	66.81 *	42.96 *
			122.49 **	110.31 **
Provided by the Company	6.27	1.25	0.60 *	1.10 *
				1.32 **
Contribution towards equity	-	10.20	40.00	40.00
Deputation of employees	3.66	5.88	0.90 *	2.09

* Outstanding amount recoverable

** Outstanding amount payable

Excludes amounts in respect of NTPC SAIL Power Supply Company Ltd., Power Trading Corporation of India Ltd., and Bhilai Electric Supply Company Private Ltd., considered as related parties in previous years, since these companies are State Controlled Enterprises as per AS-18.

c) Remuneration to whole time Directors including Chairman and Managing Director is disclosed in Note no. 22.

d) Advances due from whole time Directors including Chairman and Managing Director are disclosed under Schedule 14 - Loans and Advances.

16. Disclosure regarding Leases

a) Finance Leases

During the year the Company has leased certain vehicles and has the option to purchase the vehicles as per terms of the lease agreement. Details in respect of the vehicles taken on lease are as under:

Rs. Million

	As at 31 st March, 2003
a) Outstanding balance of minimum lease payments:	
• Not later than one year	1.01
• Later than one year and not later than five years	2.86
Total	3.87
b) Present value of (a) above:	
• Not later than one year	0.63
• Later than one year and not later than five years	2.35
Total	2.98
c) Finance Charges	0.89

b) **Operating leases:**

The company's significant leasing arrangements are in respect of operating leases of premises for residential use of employees, offices and guest houses/transit camps. These leasing arrangements are usually renewable on mutually agreed terms but are not non-cancellable. Employees' remuneration and benefits include **Rs. 136.16 Million** (Previous year Rs. 121.80 Million) towards lease payments, net of recoveries, in respect of premises for residential use of employees. Lease payments in respect of premises for offices and guest house/transit camps are shown as Rent in Schedule 23 – Generation, Administration and other expenses. Miscellaneous income in schedule 21 – Other Income, include **Rs. 32.25 Million** (Previous year Rs. 11.56 Million) towards sub-lease payments received/recoverable.

17. a) In compliance of Accounting Standard-22 on "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India, which is mandatory to the Company from 1st April, 2002, provision for deferred tax liability as on 1st April, 2002 and for the year ended 31st March, 2003 has been made as under:

	Rs. Million
Deferred Tax Liability as on 1st April, 2002	40,834.20
Less : Deferred Tax Recoverable	40,833.80
Adjustment in General Reserve	0.40
Deferred Tax Liability for the year	3,544.80
Less : Deferred Tax Recoverable	3,544.00
Net Deferred Tax for the year	0.80

b) The item-wise details of Deferred tax liability (net) are as under:

		Rs. Million
		As at 31st March, 2003
Deferred Tax Liability		
(i) Difference of Book depreciation and Tax depreciation	49,610.40	
(ii) Others	3,878.50	
		53,488.90
Less: Deferred Tax Assets		
(i) Provisions disallowed for tax purposes	8,581.30	
(ii) Disallowed u/s 43B of the Income Tax Act, 1961	528.60	
		9,109.90
Deferred Tax Liability (Net)		44,379.00

18. Provision for taxation includes **Rs. 2,600.60 Million** (Previous year Rs. 1,075.31 Million) and Income tax recoverable includes **Rs. 2,762.70 Million** (Previous year Rs. 1,107.28 Million) on account of adjustments towards earlier years.

19. **Interests in Joint Ventures:**

Details of Company's interest in joint ventures :

	Name	Proportion of ownership interest as on 31st March	
		2003	2002
i)	Utility Powertech Limited	50 %	50%
ii)	NTPC Alstom Power Services Private Limited	50 %	50%
iii)	Power Trading Corporation of India Ltd.	8.28 %	25%
iv)	NTPC SAIL Power Company Private Limited	50 %	50%
v)	Bhilai Electric Supply Company Private Limited	50 %	50%

The above joint venture companies are incorporated in India. The Company's share of the assets and liabilities as on 31st March and income and expenses for the year in respect of joint venture entities is given below:

Rs. Million

		31.3.2003	31.3.2002
A)	Assets		
	Long Term Assets	2,208.61	2,448.27
	Current Assets	1,014.84	885.57
	Total	3,223.45	3,333.84
B)	Liabilities		
	Long Term Liability	1,803.88	1,928.66
	Current Liabilities and Provisions	484.01	518.82
	Total	2,287.89	2,447.48
C)	Income	2,434.23	2,034.64
D)	Expenses	2,224.98	1,865.15
E)	Contingent Liabilities	1.88	9.13
F)	Capital Commitments	16.35	15.28

The Company has given surety in favour of bankers of Utility Powertech Ltd. for an amount of **Rs. 24.50 Million** (Previous Year Rs. 24.50 Million) for bank guarantee limits.

20. List of Small Scale Industrial undertaking to whom payment is outstanding for more than 30 days as on 31st March, 2003, to the extent available to the Company, is as under:

M/s Adarsh Engineering Works, Aditya Air Products Pvt. Ltd., AKI Industrial Engineers, Alliance Engineering Co, Amio Engg. Concern, Angel Engg. Co., ARF Engineers Ltd., Arvico Rubber Industries, Aryan Engineering, Aryan Exporters, Ashutosh Castings Ltd., Avlani Engg. Corpn., B.K.Engineering Works, Banglime Industries , Bankim & Co., BDK Process Control (P) Ltd., Bharat Oil Units, Bhavesh Corpn., Bihar Gases, Brilliant Electronic System , C Cube Systems , Cadilac Engineering Works , Cadilac Engineering, Central India Engineers , Chemco Rubber Liners, Chemcoal India, Chempharm Industries (India) , Comet Technocom (P) Ltd., D.K. Enterprises, Dhara Engineering Works , District Rural Devp, Dresser Valve India Pvt. Ltd., Durg Fastners, Dyna Electronics Pvt. Ltd., Elastomeric Engineers, Eldee Mechanical Works, Engineers Enterprises, Friends Cable Industries, Gangotri Turbo, Goa Thermostatic Instruments Pvt Ltd , Gopal Steam Printing Works , H Guru Instruments (S.I) Pvt.Ltd , Hemen Industrial Corpn., Hind Rectifiers Ltd , Hindustan Engg. Works , Hyderabad Castings Ltd., Impex India, Indian Oil Seals & Synthetic Products, Indian Rubber Products, Industrial Instrumentation, Industries Syndicate, Insha Plastic Industries, Invincible Engineering Co., J.S. Lamp Industries, Jeco Industries, Jindal Pipes Ltd., Just Machine Tools , Jyothi Industries , Kalinga Gases Pvt.Ltd, Kalpana Gears (P) Ltd., Kunal Industries, Maa Laxmi Cycle, Makers, Mandeep Minerals, Maruti Techno Rubber (Pvt.) Ltd., Mather & Platt (India) Ltd., Mazda Cables Pvt. Ltd., Mihir Rubber Products, Modern Engg., New Age Industries, Northern Alloys Bhavnagar , Orissa Air Product, OSIC, P.K. Industries, Paitandi Fluorocarbon Seals, Pioneer Gasket, Pioneer Mechanicals, Pneumatic Corp., Polymer Papers Limited, Poweraid (India) Pvt. Ltd., Prabhu Industries, Presidency Rubber Mills, Printo ,Quality Engg., Radiant Cables Pvt Ltd., Rameswar Iron Foundary , Rasyantrik Udyog , Reliance Fire & Safety Eq., R.K. Engg., Rubbertex, S.D. Fine Chemical Ltd., S.K. Industries, Safex Fire Services, Saha & Co., Sap Industries, Seema Printing Press, Shree Hans Alloys Ltd., Shri Vishnu Enterprises, Smap Engineering Pvt. Ltd., Southern Cooling Towers Pvt. Ltd., Sri Ram Press, Switzer Instruments Pvt.,Ltd., Techma Engineering Enterprise, The Coimbatore Combustion, Technofab (India), Toubro Ferguson (I) Pvt. Ltd., Trident Corporation, U.D. Marketing Pvt. Ltd., Unicraft Machinery & Trolley, Vircap Sealingtech Pvt. Ltd., Vishal Structure Fabricators, Vishkarma Engg. Works, Watco Technics (P) Ltd., Welfit Flexibles & Hydrau.

21. Estimated amount of contracts remaining to be executed on capital account and not provided for is **Rs. 61835.62 Million** (Previous year Rs. 60092.14 Million).

22. Managerial Remuneration paid/ payable to Directors

	<u>Current year</u>	<u>Rs. Million</u> <u>Previous year</u>
Salaries & Allowances	6.27	3.91
Contribution to Provident Fund & Other funds including	0.69	0.49
Gratuity & Group Insurance		
Other benefits	0.51	0.45
Directors' fees	0.08	0.01

In addition to the above remuneration the whole time Directors have been allowed the use of staff car including for private journeys on payment of Rs.780/- per month, as contained in the Ministry of Finance (BPE) Circular No.2 (18)/pc/64 dt.29.11.64, as amended.

23. Licensed and Installed Capacities:

(As certified by Management)

a) Licensed Capacity - Not applicable		
b) Installed Capacity (MW Commercial units)	20,497	19,497

24. Quantitative information in respect of Generation and Sale of Electricity (in MUs):

a) Pre-commissioning period:		
Generation	2,577	15
Sales	2,401	6
b) Commercial period:		
Generation	138,276	133,178
Sales	129,288	124,519

25. a) Value of imports calculated on CIF basis (Rs. Million):

i) Capital goods	529.07	187.87
ii) Spare parts	604.11	714.20

b) Expenditure in foreign currency (Rs. Million):

i) Professional and Consultancy fee	43.60	42.84
ii) Interest	2,070.16	2,074.22
iii) Others	13,016.88	307.62

c) Value of Components, Stores and Spare parts consumed (Rs. Million):

	<u>% age</u>	<u>Amount</u>	<u>%age</u>	<u>Amount</u>
i) Imported	0.52	597.94	0.63	673.92
ii) Indigenous (including fuel)	99.48	113,394.20	99.37	107,141.92

d) Earnings in foreign exchange (Rs. Million):

i) Consultancy	1.37	0.20
ii) Interest	1.79	2.00
iii) Others	1.29	0.50

26. Previous year's figures have been regrouped / rearranged wherever necessary.

(A. K. BAJPAIE)
Company Secretary

(P. NARASIMHARAMULU)
Director (Finance)

(C. P. JAIN)
Chairman & Managing Director

For K. K. SONI & CO.
Chartered Accountants

As per our report of even date
For S.K. MITTAL & CO.
Chartered Accountants

For LAKSHMINIWAS & JAIN
Chartered Accountants

(K. K. SONI)
Partner

(S.K. MITTAL)
Partner

(LAXMINIWAS SHARMA)
Partner

For VARDHAMAN & CO.
Chartered Accountants

For B. C. JAIN & CO
Chartered Accountants

(V. BASKARAN)
Partner

(B.C. JAIN)
Partner

Place: New Delhi
Dated: 16th July 2003

Information pursuant to Part IV of Schedule VI of the Companies Act, 1956.**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE****I. Registration Details**Registration No.

7	9	6	6		1	9	7	5	-	7	6
---	---	---	---	--	---	---	---	---	---	---	---

 State Code:

5	5
---	---

Balance-sheet date

3	1	0	3	0	3
---	---	---	---	---	---

II. Capital Raised during the year (Rs. in Thousands).Public Issue

N	I	L
---	---	---

Rights Issue

N	I	L
---	---	---

Bonus Issue

N	I	L
---	---	---

Private Placement

N	I	L
---	---	---

III. Position of Mobilisation and Deployment of Funds(Amount in - Rs. Thousands)Total Liabilities

4	4	7	5	5	6	5	4	5
---	---	---	---	---	---	---	---	---

Total Assets

4	4	7	5	5	6	5	4	5
---	---	---	---	---	---	---	---	---

Sources of FundsPaid up Capital

	7	8	1	2	5	4	9	4
--	---	---	---	---	---	---	---	---

Reserves & Surplus

2	3	7	0	0	1	9	3	5
---	---	---	---	---	---	---	---	---

Secured Loans

	4	1	2	2	5	9	2	8
--	---	---	---	---	---	---	---	---

Unsecured Loans

	9	0	9	3	0	7	8	8
--	---	---	---	---	---	---	---	---

Deferred Tax Liability

					1	2	0	0
--	--	--	--	--	---	---	---	---

Application of FundsNet Fixed Assets

1	9	8	6	4	9	8	4	8
---	---	---	---	---	---	---	---	---

Investments

	3	6	6	7	3	6	8	6
--	---	---	---	---	---	---	---	---

Net Current Assets

1	4	8	2	8	1	8	8	9
---	---	---	---	---	---	---	---	---

Misc. Expenditure

					8	7	6	0	6
--	--	--	--	--	---	---	---	---	---

Accumulated Losses

						N	I	L
--	--	--	--	--	--	---	---	---

IV. Performance of Company (Rs. in Thousands)Turnover (Including Other Income)

1	9	8	4	9	9	6	3	0
---	---	---	---	---	---	---	---	---

Total Expenditure

1	6	0	9	5	9	6	7	8
---	---	---	---	---	---	---	---	---

Profit/Loss before tax

+	3	7	5	3	9	9	5	2
---	---	---	---	---	---	---	---	---

Profit/Loss after tax

+	3	6	0	7	5	6	5	6
---	---	---	---	---	---	---	---	---

Earning per share in Rs.

	4	.	6	2
--	---	---	---	---

Dividend Rate %

	9	.	0	6
--	---	---	---	---

V. Generic Names of Three principal Products/Services of Company (As per monetary terms)

Product Description:

Item Code No.

GENERATION OF ELECTRICITY

N A

CONSULTANCY SERVICES

N A

MANAGEMENT OF POWER STATIONS

N A

A.K. Bajpaie
Company SecretaryP. Narasimhamulu
Director (Finance)C. P. Jain
Chairman & Managing Director

AUDITORS' REPORT

To the Members of
NATIONAL THERMAL POWER CORPORATION LIMITED

We have audited the attached Balance Sheet of NATIONAL THERMAL POWER CORPORATION LIMITED as at 31st March 2003 and the Profit and Loss Account of the Company for the year ended on that date, annexed hereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We report as follows:

1. As the Company is governed by the Electricity (Supply) Act, 1948, the provisions of the said Act read with the rules thereunder have prevailed wherever the same have been inconsistent with the provisions of the Companies Act, 1956.
2. As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988 issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, and on the basis of such checks as we considered appropriate, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said order.
3. Further to our comments in the Annexure referred to in paragraph 2 above, we report that:
 - i. *Balances shown under advances, debtors, creditors, materials lying with contractors and issued on loan are subject to confirmation/reconciliation and consequential adjustments, if any (Refer Note no. 2 (a) of Schedule 28)*
 - ii. *Pending final determination/revision of tariff by CERC as stated in Note No. 3(a) of Schedule 28, sales have been accounted for on provisional basis. This has resulted in decrease in sales and profit by Rs.13,061.20 Millions for the year and decrease in debtors by Rs.31,216.10 million as at 31st March 2003.*
 - iii. *The Government of India Scheme of April, 2002 for one time settlement of State Electricity Boards dues to the Company as on 30th September, 2001 (Refer Note no. 6 of Schedule 28) when implemented, may result in securitisation of outstanding dues and the agreed late payment surcharge retrospectively on issue of bonds. The late payment surcharge, incentive payable to customers (on fulfillment of certain conditions) and interest on bonds have not been accounted for, pending issue of bonds.*
4. Further to above:
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion proper books of account, as required by law, have been kept by the Company so far as appears from our examination of those books.
 - c) The Balance Sheet and the Profit and Loss Account dealt with by this report are in agreement with the books of account.
 - d) In our opinion, the Profit and Loss Account and the Balance Sheet comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
 - e) On the basis of the written representations received from the directors, as on 31st March 2003, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2003 from being appointed as a director under clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

Subject to our observations referred in paragraph 3(i) and (iii) the consequential effect of which is not determined, and in paragraph 3 (ii), decrease in sales and profit by Rs.13,061.20 million for the year and decrease in debtors by Rs.31,216.10 million as at 31st March 2003, in our opinion, and according to the best of our information and according to the explanations given to us, the said accounts read with Accounting Policies and notes thereon in Schedule 28, in so far as these are not inconsistent with Electricity (Supply) Act, 1948, give the information required by the Companies Act, 1956 in the manner so required to give a true and fair view:

a) In the case of Balance Sheet, of the state of affairs of the Company as at 31st March 2003

and

b) In the case of Profit and Loss Account, of the profit for the year ended on that date.

For K. K. SONI & CO.
Chartered Accountants

(K. K. SONI)
Partner

For S.K. MITTAL & CO.
Chartered Accountants

(S.K. MITTAL)
Partner

For LAKSHMINIWAS & JAIN
Chartered Accountants

(LAXMINIWAS SHARMA)
Partner

For VARDHAMAN & CO.
Chartered Accountants

(V. BASKARAN)
Partner

For B. C. JAIN & CO
Chartered Accountants

(B.C. JAIN)
Partner

Place: New Delhi
Dated: 16th July 2003

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ANNEXURE TO THE AUDITORS' REPORT

1. The Company has generally maintained proper records showing full particulars including quantitative details and situation/location of fixed assets. The management has carried out physical verification of a portion of the fixed assets in accordance with their phased programme of physical verification, which is considered reasonable having regard to the size of the Company and nature of its business and no material discrepancies were noticed to the extent verification was made during the year.
2. None of the fixed assets has been revalued during the year.
3. Physical verification of inventories has been conducted by the management at reasonable intervals.
4. According to the information and explanations given to us, in our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
5. The discrepancies noticed on physical verification of inventories, wherever material, have been properly dealt with in the books of account.
6. In our opinion, the valuation of inventories and construction stores is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.
7. As informed to us, the Company has not taken loans from companies, firms or other parties, listed in register maintained under Section 301 of the Companies Act, 1956 and companies under the same management as defined under sub - section (1B) of Section 370 of the Companies Act, 1956.
8. As informed to us, the Company has not granted any loans, secured or unsecured to companies, firm or other parties listed in the register maintained under Section 301 of the Companies Act, 1956 and companies under the same management as defined under sub - section (1B) of Section 370 of the Companies Act, 1956.
9. Loans and Advances in the nature of loans have been given to staff, Employees Consumers' Cooperative Stores and other parties. Repayment of the principal amount and payment of interest wherever applicable have generally been received as stipulated.
10. In our opinion and according to the information and explanations given to us and having regard to the explanations that some of the items purchased are of proprietary nature for which suitable alternative sources do not exist for obtaining comparable quotations, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of stores, plant and machinery, equipment and other assets and sale of energy.
11. The purchases of goods and materials and sale of services made in pursuance of contracts or arrangements with parties listed in the register maintained under Section 301 of the Companies Act, 1956, and aggregating during the year to Rs.50,000/- or more in respect of each party have been made at prices which are reasonable having regard to the prevailing market prices for such goods, materials or services.
12. According to the information and explanations given to us, the Company has a system of determining unserviceable and damaged stores and the same are provided for in the books as and when any stores and spares are found damaged and/or unserviceable.
13. The Company has accepted deposits from public and the provisions of Section 58A of the Companies Act, 1956 and the rules made thereunder have been complied with.
14. In our opinion, reasonable records have been maintained by the Company for sale and disposal of scrap. The Company has no by-product.
15. The Company has an Internal Audit System, which in our opinion is commensurate with the size of the Company and nature of its business. However, it needs to be further strengthened.
16. Maintenance of cost records has been prescribed by the Central Government under Section 209(1) (d) of the Companies Act, 1956 from 1.4.2002 and the prescribed accounts and records have been generally made and maintained.

17. The Company has been regular in depositing Provident Fund dues with appropriate authorities. The provisions of the Employees State Insurance Act, 1948 are not applicable to the Company..
18. According to the information and explanations given to us, there were no undisputed amounts payable in respect of Income tax, Wealth tax, Sales tax, Custom duty and Excise duty outstanding as at the last day of the financial year for a period of more than six months from the date they become payable.
19. According to the information and explanations given to us, no personal expenses have been charged to revenue account, other than those payable under contractual obligations or in accordance with generally accepted business practices.
20. The Company is not a sick industrial company within the meaning of clause (o) of sub - section (1) of Section 3 of Sick Industrial Companies (Special Provisions) Act, 1985.
21. In regard to the Company's activities relating to consultancy, project management and supervision, we report that:
 - a) The company has a reasonable system of allocation of man hours consumed on the respective activities;
 - b) The company has a reasonable system of authorisation at proper level and adequate system of internal control on allocation of man hours commensurate with the size of the Company and the nature of its business; and
 - c) There were no consumption of stores and materials in relation to such activities.

For K. K. SONI & CO.
Chartered Accountants

(K. K. SONI)
Partner

For S.K. MITTAL & CO.
Chartered Accountants

(S.K. MITTAL)
Partner

For LAKSHMINIWAS & JAIN
Chartered Accountants

(LAXMINIWAS SHARMA)
Partner

For VARDHAMAN & CO.
Chartered Accountants

(V. BASKARAN)
Partner

For B. C. JAIN & CO
Chartered Accountants

(B.C. JAIN)
Partner

Place: New Delhi
Dated: 16th July 2003

CASH FLOW STATEMENT AS AT 31ST MARCH 2003

Rs. million

	Current Year	Previous Year
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax, Prior Period Adjustments and Extra Ordinary Items	38343	37021
Adjustment for:		
Depreciation	15562	13762
Provisions	5555	1836
Deferred revenue on account of Advance Against Depreciation	271	
Interest	9003	8957
Interest on Bonds	(3460)	(4841)
Prior Period Adjustments (Net)	(803)	(1)
Dividend Income	(36)	(57)
Surcharge	2176	
Income Tax Recoverable	9791	8174
Operating Profit before Working Capital Changes	38059	27830
	76402	64851
Adjustment for:		
Trade and Other Receivables	(10361)	(20475)
Inventories	2406	(1842)
Trade Payables and Other Liabilities	(1568)	3163
Loans and Advances	(3660)	(842)
Other Current Assets	(1468)	(1057)
	(14651)	(21053)
Cash generated from operations	61751	43798
Direct Taxes Paid	(14349)	(14426)
Net Cash from Operating Activities - A	47402	29372
B. CASH FLOW FROM INVESTING ACTIVITIES		
Expenditure on Fixed Assets	(32906)	(31333)
Purchase of Investments	0	(177)
Sale of Investments	0	110
Investment in Subsidiaries	(3)	0
Loans & Advances to Subsidiary	2	(3)
Interest on Bonds Received	935	2523
Dividend on Investments Received	91	2
Extra Ordinary Item - Capital Receipts	0	501
Net cash used in Investing Activities - B	(31881)	(28377)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Long Term Borrowings	45421	27197
Repayment of Long Term Borrowings	(30439)	(9432)
Interest Paid	(9174)	(8903)
Dividend	(11079)	(7470)
Tax on Dividend	0	(762)
Net Cash flow from Financing Activities - C	(5271)	630
D. OTHERS		
Intangibles - D	(15)	19
Net Increase/Decrease in Cash and Cash equivalents (A+B+C+D)	10235	1644
Cash and cash equivalents (Opening balance) *	13659	12015
Cash and cash equivalents (Closing balance) *	23894	13659
	10235	1644

NOTES: Cash and Cash Equivalents consists of Cash in Hand, Balance with Banks, Public Deposit Account and Interest Accrued thereon.

* Includes Rs. 9 Million deposited as security with Government Authorities/ as per court orders.

A.K. Bajpaie
Company Secretary

P. Narasimharamulu
Director (Finance)

C. P. Jain
Chairman & Managing Director

Place : New Delhi
Dated : 16th July 2003

EMPLOYEE COST SUMMARY

Rs. Million

Description	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
A. Salaries, wages & benefits* (incl. Provident Fund and other contributions)	1489	2063	2315	2618	3411	4363	5789	7082	7494	7590
B. Other Benefits										
1. Welfare expenses	256	318	403	531	783	733	772	1044	1359	1352
2. Township	211	260	306	361	367	461	565	520	469	460
3. Educational & school facilities	31	37	58	90	111	116	125	140	121	119
4. Medical facilities	93	117	143	153	364	262	284	298	359	383
5. Subsidised transport	14	14	18	19	21	28	39	28	39	35
6. Social & cultural activities	29	38	47	54	60	87	67	133	79	79
7. Subsidised canteen	47	58	72	93	104	112	130	142	114	139
Total (B)	681	842	1047	1301	1810	1799	1982	2305	2540	2567
Total (A+B)	2170	2905	3362	3919	5221	6162	7771	9387	10034	10157
9. Year end number of employees **	18827	19223	21233	21407	20710	20798	21265	21289	21383	21408
10. Average number of employees	18731	19025	20228	21320	21059	20754	21032	21277	21336	21396
11. Average Salary, wages & benefits per employee per annum (Rs.)	79494	108436	114445	122795	161974	210225	275247	332848	351237	354747
12. Average cost of other benefits per employee per annum (Rs.)	36357	44258	51760	61023	85949	86682	94237	108333	119048	119979
13. Average cost of employees remuneration & benefits per annum (Rs.)	115851	152694	166205	183818	247923	296907	369484	441181	470285	474726
* Excluding payment to personnel employed for social amenities										
** Excluding BTPS, BCPP and Joint Venture Companies										

REVENUE EXPENDITURE ON SOCIAL OVERHEADS FOR THE YEAR ENDED 31ST MARCH 2003

Rs. Million

Particulars	Township	Educational and School Facilities	Medical facilities	Subsidies Transport	Social and Cultural Activities	Subsidised Canteen	Total	Land Scaping and Wasteland development	Previous Year
1 Payment to employees	162	26	264	12	20	32	516	-	509
2 Material consumed	55	-	69	1	-	-	125	-	129
3 Rates and taxes	21	-	-	1	-	-	22	-	12
4 Welfare expenses	34	99	316	33	61	138	681	3	619
5 Others including repairs & maintenance	274	13	8	2	16	-	313	16	317
6 Depreciation	173	7	13	1	2	1	197	-	220
7 Sub-total (1 to 6)	719	145	670	50	99	171	1854	19	1806
8 Less : Recoveries	97	-	23	3	-	-	123	-	116
9 Net expenditure (7-8)	622	145	647	47	99	171	1731	19	1690
10 Previous Year	628	141	626	48	101	146	1690	38	-

SUBSIDIARY COMPANIES

NTPC ELECTRIC SUPPLY COMPANY LIMITED

(A wholly owned subsidiary of NTPC)

DIRECTORS' REPORT

To The Members,

NTPC Electric Supply Company Limited

Your Directors have pleasure in presenting their First Annual Report on the working of the Company together with Audited Accounts for the period from 21st August 2002 to 31st March 2003.

FORMATION OF THE COMPANY

The Company was incorporated on 21st August 2002 as a wholly owned subsidiary Company of National Thermal Power Corporation Limited (NTPC) with an objective to make a foray in the business of distribution and supply of electrical energy as a sequel to reforms initiated in the Power Sector. The company is exploring various options to acquire electrical energy distribution in various electricity distribution circles in different States.

The Company initiated necessary steps to acquire management control of Kanpur Electric Supply Company (KESCO), a wholly owned subsidiary of Uttar Pradesh Power Corporation Limited (UPPCL), which is presently engaged in the supply and retail distribution of electricity in Kanpur. Dialogue is on with the concerned authorities in the Government of Uttar Pradesh for completion of required formalities for the take over of KESCO at the earliest. SBI CAPS was appointed as consultant for ascertaining the feasibility of taking over management control of KESCO. The Company is also pursuing for taking over the Gwalior city Distribution Circle. A proposal with financial model and other details has been submitted to Madhya Pradesh Government. The Company is also in the process of collecting data for other circles for evaluating the commercial and financial viability before taking up the matter with respective State Government and State Electricity Boards/Companies.

FINANCIAL REVIEW

The company has obtained Certificate for Commencement of Business on 26th September 2002. No commercial activity has been carried out during the financial period ending 31st March 2003. The Company has spent Rs.45993/- on various miscellaneous activities. There being no income, loss for the period was Rs.45993/-. The preliminary expenses for the period ending 31st March, 2003 was Rs. 7,59,100/- which was incurred by the holding company for incorporation of the Company and other related matters.

PARTICULARS OF EMPLOYEES

There being no employee in the Company with earning over the specified amount, the particulars prescribed under sec. 217(2A) of Companies Act, 1956 read with the companies (Particulars of Employees) Rules, 1975 are not required to be given in respect of any employee.

DIRECTORS

As per the Memorandum & Articles of Association of the Company registered with the Registrar of Companies, S/Shri Anil Kumar Dhar, GM (F&A), NTPC, Lanka Visweswar Rao, GM (APDRP) and Kamal Kishore Garg, GM (Commercial), NTPC were the first Directors of the Company. At the first meeting of the Board held on 28th August, 2002 first directors ceased to hold office and Shri C.P.Jain, Chairman & Managing Director, NTPC was appointed as the Chairman of the Company. Besides S/Shri P. Narasimharamulu, Director (Finance), NTPC, S.L. Kapur, Director (Technical), NTPC and Shyam Wadhwa, Executive Director (Commercial), NTPC were also inducted as directors on the Board of the Company. Shri K.K. Sinha Director (HR), NTPC and Shri R.D. Gupta, Director (Commercial), NTPC were inducted on the Board on March 15, 2003 and June 18, 2003 respectively. Shri Shyam Wadhwa resigned from the directorship of NESCL with effect from 12th August 2003 consequent upon his joining Power Finance Corporation as Director (Projects). The Board appreciates the valuable services rendered by Shri Shyam Wadhwa as director.

FIXED DEPOSITS

The company has not accepted any fixed deposit during the period ending 31st March 2003.

AUDITORS' REPORT AND C & AG REVIEW

The Comptroller and Auditor General of India (C & AG) has appointed M/s Kanwalia & Company, Chartered Accountants as Auditor of the Company for the financial year ending 2002-03. There are no adverse comments, observation or reservation in the auditors report on the accounts of the Company.

The C & AG has reviewed the Annual Accounts and the report of the Auditors on the accounts of the Company for the year ended 31st March, 2003 and as such has no comments to make under Section 619(4) of the Companies Act, 1956. A copy of the no comments Certificate is enclosed as Annexure-I.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING & OUTGO

Since no commercial activity is carried out by the Company, particulars in respect of conservation of energy, technology absorption and foreign exchange earnings and outgo are not applicable.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217 (2AA) of the Companies Act, 1956 your Directors confirm that:

- in the preparation of annual Accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- the directors had selected such accounting policies and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at 31st March, 2003 and of the loss of the company for that period;
- the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of the company and for preventing and detecting the fraud and other irregularities; and
- the directors had prepared the annual accounts on a going concern basis.

ACKNOWLEDGEMENT

The Board of Directors wish to place on record their appreciation for the support and co-operation extended by Government of Uttar Pradesh, Government of Madhya Pradesh, National Thermal Power Corporation Ltd., the Auditors and the Bankers of the Company.

For and on behalf of the Board of Directors

(C.P.JAIN)
CHAIRMAN

Place: New Delhi
Dated : 25th August 2003

Annexure-I

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956, ON THE ACCOUNTS OF NTPC ELECTRIC SUPPLY COMPANY LIMITED, NEW DELHI FOR THE YEAR ENDED 31ST MARCH 2003

I have to state that the Comptroller and Auditor General of India has no comments upon or supplement to the Auditors' Report under Section 619(4) of the Companies Act, 1956, on the accounts of NTPC Electric Supply Company Limited, New Delhi, for the year ended 31st March 2003.

(Revathi Bedi)
Principal Director of Commercial Audit and
ex-officio Member Audit Board-III
New Delhi

Place: New Delhi
Dated: 31st July 2003



**NTPC ELECTRIC SUPPLY COMPANY LIMITED
BALANCE SHEET AS AT 31ST MARCH, 2003**

	Schedule Number	(Rupees) As at 31.03.2003
I SOURCES OF FUNDS		
SHAREHOLDERS' FUNDS		
Capital	1	809,100
		809,100
II APPLICATION OF FUNDS		
CURRENT ASSETS, LOANS & ADVANCES		
CURRENT ASSETS		
Cash & Bank balances	2	32,111
LESS: CURRENT LIABILITIES & PROVISIONS		
Current Liabilities	3	41,284
Net current Assets		(9,173)
Deferred Tax Asset		16,500
MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)	4	772,280
Profit & Loss Account		29,493
		809,100
Accounting Policies & Notes on Accounts (Schedules 1 to 5 form an integral part of Annual Accounts)	5	

In terms of our report of even date For & on behalf of the Board of Directors
For Kanwalia & Co.
Chartered Accountants

(B.K.Kanwalia) (Rachna Ahuja) (P.Narasimharamulu) (C.P.Jain)
Partner Company Secretary Director Chairman

Place : New Delhi
Date : 18th June 2003

**NTPC ELECTRIC SUPPLY COMPANY LIMITED
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2003**

	(Rupees) For the year ended 31st March 2003
INCOME	NIL
EXPENDITURE	
Employee cost	30,484
Bank Charges	100
Printing & Stationery expenses	2,109
Misc. Expenses	2,500
Audit fees	10,800
Total	45,993
Less: Deferred Tax	16,500
Profit/(Loss) carried over to Balance Sheet	(29,493)

In terms of our report of even date For & on behalf of the Board of Directors
For Kanwalia & Co.
Chartered Accountants

(B.K.Kanwalia) (Rachna Ahuja) (P.Narasimharamulu) (C.P.Jain)
Partner Company Secretary Director Chairman

Place : New Delhi
Date : 18th June 2003

**NTPC ELECTRIC SUPPLY COMPANY LIMITED
SCHEDULES FORMING PART OF BALANCE SHEET**

	(Rupees) As at 31.03.2003
Schedule - 1	
Capital	
Authorised	
1,00,00,000 Equity Shares of Rs.10/- each	100,000,000
Issued, Subscribed & Paid-up	
50,000 equity Shares of Rs.10/- each.	500,000
(50,000 equity Shares of Rs.10/- each are held by the holding company, National Thermal Power Corporation Ltd. and its nominees)	
Share Capital Deposit (By NTPC Ltd.)	309,100
	809,100
Schedule - 2	
Current Assets, Loans & advances	
Cash & Bank Balances	
Cash on hand	3,501
Balance with Scheduled Bank - Current Account	28,610
	32,111
	32,111
Schedule - 3	
Current Liabilities & Provisions	
Current Liabilities	
Audit fees payable	10,800
Due to NTPC Ltd.	30,484
	41,284
	41,284
Schedule - 4	
Miscellaneous Expenditure	
(To the extent not written off or adjusted)	
Preliminary Expenses	772,280
	772,280
Schedule - 5	
A) Significant Accounting Policies	
Preliminary expenses have been carried forward as the company is yet to commence commercial activities.	
B) Notes on Accounts	
i) The Company was incorporated on 21 st August 2002. Hence, the Balance Sheet and the Profit & loss Account for the first accounting period under report are from 21 st August 2002 to 31st March 2003.	
ii) Being the first Balance Sheet of the Company, previous year figures are not indicated.	
iii) As the Company has not started its commercial activities, there is no income for the period under report.	
iv) A sum of Rs.3,09,100/- paid by NTPC Ltd. towards preliminary expenses has been shown as share capital deposit pending allotment of shares to NTPC Ltd.	
v) The deferred tax asset of Rs. 16,500/- is on account of carried forward loss for the year.	

In terms of our report of even date For & on behalf of the Board of Directors
For Kanwalia & Co.
Chartered Accountants

(B.K.Kanwalia) (Rachna Ahuja) (P.Narasimharamulu) (C.P.Jain)
Partner Company Secretary Director Chairman

Place : New Delhi
Date : 18th June 2003

**BALANCE SHEET ABSTRACT AND
COMPANY'S GENERAL BUSINESS PROFILE:**

1. Registration Detail

Registration No. U 4 0 1 0 8 D L 2 0 0 2 G O 1 1 1 6 6 3 5 State Code : 0 5 5

Balance Sheet Date 3 1 / 0 3 / 2 0 0 3

2. Capital Raised during the year
(Amounts in Rs. Thousand)

Public Issue	Right issue
<u>N I L</u>	<u>N I L</u>
Bonus Issue	Private Placement*
<u>N I L</u>	<u>8 0 9</u>

3. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities	Total Assets
<u>8 0 9</u>	<u>8 0 9</u>

Source of Funds

Paid up Capital*	Reserve & Surplus
<u>8 0 9</u>	<u>N I L</u>
Secured Loans	Unsecured Loans
<u>N I L</u>	<u>N I L</u>

27th Annual Report

Application of Funds

Net Fixed Assets	Investments
NIL	NIL
Net Current assets	Deferred Tax Asset
(-9)	17
Misc. Expenditure	Accumulated Losses
772	29

4. Performance of Company (Amount in Rs. Thousands)

Turnover	Total Expenditure
NIL	46
Loss Before Tax	Loss After Tax
(-46)	(-29)
Earning Per Share in Rs.	Dividend
NIL	NIL

5. Generic name of three principal products/services of Company

Item Code No.	(As per monetary terms)
(ITC Code)	NA
Product Description	NA

* Including Share capital Deposit of Rs. 3,09,100/-.

For & on behalf of the Board of Directors

For Kanwalla & Co.
Chartered Accountants

(B.K.Kanwalla) Partner	(Rachna Ahuja) Company Secretary	(P.Narasimharamulu) Director	(C.P.Jain) Chairman
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Place : New Delhi
Dated : June 18, 2003

AUDITORS' REPORT

The Members,
M/s. NTPC Electric Supply Company Ltd.
New Delhi.

We have audited the attached Balance Sheet of **M/s. NTPC Electric Supply Company Ltd.** (wholly owned subsidiary of NTPC) as at 31st March 2003 and also the Profit and Loss Account of the Company for the year ended on that date, annexed thereto. These Financial Statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An Audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Manufacturing and other Companies (Auditor's Report) order 1988 issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, we annex hereto a statement on the matter specified in paragraphs 4 and 5 of the said order.

Further to our comments in the Annexure referred to in paragraph above, we report that:

- We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
- In our opinion proper books of accounts as required by law have been kept by the company so far as appears from our examination of those books;
- The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of accounts;
- In our opinion, the Balance sheet and Profit and Loss account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
- On the basis of written representations received from the directors and taken on record by the Board of Directors in the meeting held on 18th June 2003, we report that none of the directors is disqualified as on 31st March 2003 from being appointed as directors in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with Accounting Policies and Notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - In the case of Balance Sheet of the state of Affairs of the Company as at 31st March 2003. AND
 - In the case of the Profit and Loss Account of the Loss for the year ended on that date.

NTPC ELECTRIC SUPPLY COMPANY LIMITED CASH FLOW STATEMENT

(Rupees)
For the period ended
31st March 2003

A. CASH FLOW FROM OPERATING ACTIVITIES

Net profit/(loss) before tax and extraordinary items	(45,993)
Adjustment for	
Trade payables & other liabilities	41,284
Deferred Tax	16,500
Net cash from operating activities - A	57,784
	11,791

B. CASH FLOW FROM INVESTING ACTIVITIES

Net cash used in Investing Activities - B

C. CASH FLOW FROM FINANCING ACTIVITIES

Proceeds from issue of equity shares	809,100
Net cash flow from Financing Activities - C	809,100

D. OTHERS

Intangibles - D	(788,780)
Net increase/Decrease in cash & cash equivalents (A+B+C+D)	32,111
Cash & cash equivalents (opening balance)	0
Cash & cash equivalents (closing balance)	32,111

For & on behalf of the Board of Directors

(Rachna Ahuja) Company Secretary	(P.Narasimharamulu) Director	(C.P.Jain) Chairman
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For **KANWALLA & COMPANY**
Chartered Accountants

B.K. KANWALLA
(Partner)

Place : New Delhi
Dated : 18th June 2003



ANNEXURE TO THE AUDITORS' REPORT

NTPC VIDYUT VYAPAR NIGAM LTD.
(A wholly owned subsidiary of NTPC)
DIRECTORS' REPORT

To the Members,**NTPC Vidyut Vyapar Nigam Ltd.**

Your Directors have pleasure in presenting their First Annual Report on the working of the Company together with Audited Accounts for the period from 1st Nov. 2002 to 31st March 2003.

FORMALITY OF THE COMPANY

Reform process in power sector envisages trading of power as an important tool for efficiency improvement in the sector.

The Electricity Act, 2003 recognises trading in power as a distinct business activity. Progressive strengthening of the regional and inter-regional transmission grids has opened the possibility of utilizing localized short and medium term surpluses in other parts of the respective regions and also in other regions. Implementation of availability-based tariff in various regions of the country has provided the framework for trading of surplus power both through scheduled and unscheduled transactions. Also, in the event of regulation, generators are allowed to sell the regulated power to other paying customers, which provides ample opportunities in power trading.

National Thermal Power Corporation Limited (NTPC) formed this Company as its wholly-owned subsidiary to seize the vast potential of power trading in the country. NTPC, with stations across the country, is the largest power generator nationally. Trading of power by its subsidiary shall pave the way for optimisation of its capacity utilization thereby reducing the overall cost of power—a beginning of an era of power on demand at affordable cost. In this direction, the Company visualizes to evolve itself as a facilitator for developing a flexible power market. The Board has set the following Vision and Mission for itself:

VISION

To be a catalyst in development of wholesale power market in India enabling trading of surplus power.

MISSION:

- Provide good value to potential sellers and develop commercial arrangements for their surplus power.
- Provide viable alternatives to buyers for meeting their demands.
- Enable NTPC to maintain optimal generation level through mutually beneficial trading transactions.
- Plan and establish a Power Exchange at National Level using state-of-the-art technology.

BUSINESS ACTIVITIES

The Company was incorporated on 1st November 2002 and received the Certificate for Commencement of Business Activities from the Registrar of Companies on 26th Nov 2002. Thereafter, necessary intimation in this regard was sent to the Central Electricity Regulatory Commission (CERC) on 7th January 2003.

The Company commenced its trading operation with the supply of surplus power from Eastern Region station of NTPC to Meghalaya Electricity Board and Assam State Electricity Board. During the period under review the Company sold 12.566 million units (40 MW) of electricity to the Meghalaya and 8.533 million units (50 MW) of electricity to Assam. Thus, during the first few months of commencing trading operations, the Company was able to sell 21.099 million units of electricity.

The Company is also in business negotiations with Tamil Nadu Electricity Board to act as facilitator for selling of 180 MW of surplus power from Eastern Region stations of NTPC pooled with 180 MW of power from NTPC- Kayamkulam.

The Company is also looking forward to trade power in the following areas:

- a. Surplus allocation of different SEBs from NTPC stations.
- b. Unscheduled and unrequisioned power of NTPC stations on 'as and when available basis'.
- c. Regulated power arising out of regulation by NTPC to various beneficiaries who default in payment.

The Company has also started business discussions with the State Electricity Boards of Chattisgarh, Jharkhand, Madhya Pradesh, Maharashtra, Punjab, West Bengal, Govt. of Sikkim, Delhi Transco, Govt. of Orissa and Haryana Vidyut Power Nigam for purchase and sale of power.

SYSTEMS DEVELOPMENT

The company is working on preparation of Standard Power Purchase Agreement and Memorandum of Understanding. Other initiatives include development of systems and procedures including scheme of empowerment, organisation structure, financial accounting systems and procedures, website development, trading initiative through both domestic and international consultants.

1. There is no Fixed Assets.
2. Not Applicable.
3. There is no stock.
4. Not Applicable.
5. Not Applicable.
6. Not Applicable.
7. No loans have been taken from companies, firms or other parties listed in the registers maintained under section 301 and from the companies under the same management.
8. No loans have been granted to companies, firms or other parties listed in the registers maintained under Section 301 and to the companies under the same management.
9. Not Applicable.
10. Not Applicable.
11. Not Applicable.
12. Not Applicable.
13. The company has not accepted any deposits from the public.
14. Not Applicable.
15. Not Applicable.
16. Not Applicable.
17. Not Applicable.
18. Not Applicable.
19. According to information and explanations given to us, no personal expenses of employees or directors have been charged to revenue account.
20. The company is not a sick industrial company within the meaning of Clause (o) of Sub-section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.

For KANWALIA & COMPANY
Chartered Accountants

B.K. KANWALIA
(Partner)

Place : New Delhi
Dated : 18th June 2003

POWER EXCHANGE AT NATIONAL LEVEL

To facilitate on-line trading of surplus power to its members at market driven competitive price a concept paper is being developed and consultants with both domestic and international expertise are being approached.

CONTROL ROOM & REGIONAL CONTROL CENTRES

Your Company established its Control Room at Scope Complex and the same is being connected to get real time data from Regional Control Centre, stations of NTPC and Regional Load Despatch Centres. At present data is being received through internet.

FINANCIAL PERFORMANCE

During the financial year 2002-2003, the company has sold power for an amount of Rs. 3,94,10,489/-. The loss during the year after considering the cost of electricity, preliminary expenses written off during the year and provision of Deferred Tax Asset was Rs. 1,31,785/-.

PARTICULARS OF EMPLOYEES

During the period under review the Company had no employees of the category which falls under section 271(2A) of the Companies Act, 1956 read with the Companies (Particulars) of Employees Rules, 1975. Hence, no information in this regard is required to be appended to this report.

DIRECTORS

S/Shri C. P. Jain, Chairman & Managing Director, NTPC, B. N. Ojha, Director (Operations), NTPC, P. Narasimhamulu, Director (Finance), NTPC and Shyam Wadhera, Executive Director (Comml.), NTPC are the first Directors of the Company. Shri C. P. Jain was appointed as the Chairman of the Board. Shri K. K. Sinha, Director (HR), NTPC was inducted on the Board on March 15, 2003 and Shri R. D. Gupta was appointed as Director on 18th June, 2003.

AUDITORS REPORT & C & A G REVIEW

The Comptroller and Auditor General of India (C&AG) has appointed M/s Tiwari & Associates, Chartered Accountants as Auditor of the Company for the financial year ending 2002-03. There are no adverse comment, observation or reservation in the auditors report on the accounts of the Company.

The C&AG has decided not to review the report of the Auditors on the accounts of the Company for the year ended 31st March, 2003 and as such he has no comments to make under Section 619(4) of the Companies Act, 1956. A copy of the Non Review Certificate is enclosed as Annexure-1.

FIXED DEPOSITS

The company has not accepted any fixed deposit during the period ending 31st March 2003.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING & OUTGO

Your Company does not own any manufacturing facility. Hence, particulars in respect of conservation of energy, technology absorption are not applicable. During the period under review the Company had no earning or outgo in foreign exchange.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217 (2AA) of the companies Act, 1956 your Directors confirm that:

- In the preparation of annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- The Directors had selected such accounting policies and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at 31st March, 2003 and of the loss of the company for that period;
- The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of the company and for preventing and detecting the fraud and other irregularities;
- The Directors had prepared the annual accounts on going concern basis.

ACKNOWLEDGEMENT:

The Board of Directors wish to place on record their appreciation for the support and co-operation extended by National Thermal Power Corporation Ltd., the Central Electricity Regulatory Commission, the valued customers of the company, various State Electricity Boards, the Auditors and the Bankers of the Company.

For and on behalf of the Board of Directors

Place : New Delhi
Dated : 25th August 2003

(C. P. Jain)
CHAIRMAN

Annexure-1

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956, ON THE ACCOUNTS OF NTPC VIDYUT VYAPAR NIGAM LIMITED, NEW DELHI FOR THE YEAR ENDED 31st MARCH 2003

The Comptroller and Auditor General of India has decided not to review the report of the Auditors on the accounts of NTPC Vidyut Vyapar Nigam Limited, New Delhi, for the year ended 31st March 2003 and as such he has no comments to make under Section 619(4) of the Companies Act, 1956.

(Revathi Bedi)

Principal Director of Commercial Audit and
ex-officio Member Audit Board-III
New Delhi

Place : New Delhi
Dated : July 28, 2003

NTPC VIDYUT VYAPAR NIGAM LTD. BALANCE SHEET AS AT 31st MARCH, 2003

		Amount in Rs.) As at 31.03.2003	
SCHEDULE			
I. SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS	1		
Capital			500000
Share Application Deposit Account			323100
TOTAL			823100
II. APPLICATION OF FUNDS			
CURRENT ASSETS, LOANS AND ADVANCES	2		
CURRENT ASSETS			
Sundry Debtors		8661618	
Cash and Bank Balances		9220252	17881870
LESS: CURRENT LIABILITIES & PROVISIONS	3		
Current Liabilities			17882763
Net Current Assets			(893)
Deferred Tax Asset			73728
MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)	4		618480
Profit & Loss Account			131785
TOTAL			823100
Significant Accounting Policies and Notes forming part of Accounts (Schedules 1 to 6 form integral part of Annual Accounts)	6		
As per our Report of even date		For and on behalf of Board of Directors	
For Tiwari & Associates			
Chartered Accountants			

(P. V. Tiwari) Partner (P. Narasimhamulu) Director (C. P. Jain) Chairman

Place : New Delhi
Dated : 9th July 2003

NTPC VIDYUT VYAPAR NIGAM LTD. PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED 31st MARCH 2003

		(Rupees) As at 31.03.2003	
SCHEDULE			
INCOME			
Electricity Sales			39410489
Facilitation Charges			1054998
			40465487
EXPENDITURE			
Electricity Purchase			39410489
Rebate on sale of Power			975526
Other Expenses	5		130365
			40516380
Loss before Amortization			50893
Amortization			
Preliminary Expenses			154620
Loss after Amortization			205513
Less: Deferred Tax Asset			73728
Loss Carried over to Balance Sheet			131785
Significant Accounting Policies and Notes forming part of Accounts	6		
As per our Report of even date		For and on behalf of Board of Directors	
For Tiwari & Associates			
Chartered Accountants			

(P. V. Tiwari) Partner (P. Narasimhamulu) Director (C. P. Jain) Chairman

Place : New Delhi
Dated : 9th July 2003



NTPC VIDYUT VYAPAR NIGAM LTD.
SCHEDULES – FORMING PART OF ACCOUNTS

(Amount in Rs.)
As at
31ST March 2003

Schedule - 1**SHARE CAPITAL****Authorized**

1,00,00,000 equity shares of Rs.10/- each

100000000**Issued, subscribed & Paid-up****500000**

50,000 equity shares of Rs.10/- each

(50,000 equity shares of Rs. 10/- each are held by the holding company, National Thermal Power Corporation Ltd., and its nominees)

Schedule - 2**CURRENT ASSETS, LOANS & ADVANCES****Current Assets****Sundry Debtors**

(Unsecured, considered good)

Due for less than six months

8661618

Cash & Bank Balances

Cash on hand

1000

Balance with Scheduled Bank – on Current

Account

9219252

9220252

17881870**Schedule - 3****CURRENT LIABILITIES AND PROVISIONS****Current Liabilities****Sundry Creditors**

NTPC Ltd.(Holding Company)

2438917

15429806

Other Liabilities

14040

17882763**17882763****Schedule - 4****MISCELLANEOUS EXPENDITURE**

(to the extent not written off or adjusted)

Preliminary Expenses

773100

Less: charged off to P&L Account

154620

618480

618480**Schedule - 5****OTHER EXPENSES**

Consultant fee and charges

61142

Bank Charges

48140

Printing & Stationery

5043

Rates & Taxes

2000

Audit fees

10800

Tax Audit fees

3240

130365

130365**Schedule - 6****A) SIGNIFICANT ACCOUNTING POLICIES****1. Basis of Preparation of Financial Statements**

The Company maintains its accounts on accrual basis following the historical cost convention.

2. Turnover

Revenue from sale of power is accounted for based on rates agreed with the customers and as per the latest revision of Regional Energy Accounting issued by EREB.

3. Pre-incorporation Expenses

Expenditure relating to incorporation of the company is amortised over a period of five years.

B) NOTES FORMING PART OF ACCOUNTS1. The company was incorporated on 1st November, 2002, hence the Profit and Loss Account for the first accounting period under report is from 1st November, 2002 to 31st March, 2003.

2. Being the first balance sheet of the company previous year figures are not applicable.

3. A sum of Rs.323100/- paid by NTPC Ltd., Holding Company, towards preliminary expenses has been shown as Share Application Deposit Account pending allotment of shares to NTPC Ltd.

4. Claims against the company not acknowledged as Debts Rs. Nil.

5. There are no contingent liabilities.

6. In compliance of Accounting Standards – 22 on "Accounting for taxes on Income" issued by the Institute of Chartered Accountants of India which is mandatory with effect from 1st April, 2002 provision for deferred tax asset for the year ended 31st March, 2003 has been made as under :**Deferred tax****Assets**

73,728

Deferred tax**Liabilities**

NIL

Carried Forward Losses

Net Deferred Tax Asset

73,728

Charged to Profit & Loss Account

7) Quantitative information in respect of purchase and sale of power.

For the period ended**31-3-2003****Qty. in KWHs****Amt. (in Rs.)**

Purchase

21099951

39410489

Sale

21099951

39410489

8) The outstanding balances as at 31st March, 2003 in respect of Sundry Debtors and Sundry Creditor are subject to confirmation and reconciliation.

9) In the opinion of the Board, Current Assets are approximately of the value stated, if realised in the ordinary course of the business.

As per our Report of even date

For **Tiwari & Associates**

For and on behalf of Board of Directors

Chartered Accountants

(P. V. Tiwari)**(P.Narasimharamulu)****(C.P.Jain)**

Partner

Director

Chairman

Place : New Delhi

Dated : July 9, 2003

NTPC VIDYUT VYAPAR NIGAM LIMITED**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSSINESS PROFILE****1.Registration Det ail**Registration No.

U	4	0	1	0	8	D	L	2	0	0	2	G	O	I	1	1	7	5	8	4
---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---

 State Code :

0	5	5
---	---	---

Balance Sheet Date

3	1
---	---

0	3
---	---

2	0	0	3
---	---	---	---

2.Capital Raised during the year

(Amounts in Rs. Thousand)

Public Issue	Right issue						
<table><tr><td>N</td><td>I</td><td>L</td></tr></table>	N	I	L	<table><tr><td>N</td><td>I</td><td>L</td></tr></table>	N	I	L
N	I	L					
N	I	L					
Bonus Issue	Private Placement*						
<table><tr><td>N</td><td>I</td><td>L</td></tr></table>	N	I	L	<table><tr><td>5</td><td>0</td><td>0</td></tr></table>	5	0	0
N	I	L					
5	0	0					

3. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities	Total Assets						
<table><tr><td>8</td><td>2</td><td>3</td></tr></table>	8	2	3	<table><tr><td>8</td><td>2</td><td>3</td></tr></table>	8	2	3
8	2	3					
8	2	3					

Source of Funds

Paid up Capital*	Reserve & Surplus
500	NIL
Share Application Deposit	
323	

Secured Loans	Unsecured Loans
N I L	N I L

Application of Funds

Net Fixed Assets	Investments						
<table><tr><td>N</td><td>I</td><td>L</td></tr></table>	N	I	L	<table><tr><td>N</td><td>I</td><td>L</td></tr></table>	N	I	L
N	I	L					
N	I	L					
Net Current assets	Deferred Tax Asset						
<table><tr><td>C</td><td>I</td></tr></table>	C	I	<table><tr><td>7</td><td>4</td></tr></table>	7	4		
C	I						
7	4						
Misc. Expenditure	Accumulated Losses						
<table><tr><td>6</td><td>1</td><td>8</td></tr></table>	6	1	8	<table><tr><td>1</td><td>3</td><td>2</td></tr></table>	1	3	2
6	1	8					
1	3	2					

4. Performance of Company (Amount in Rs. Thousands)

Turnover	Total Expenditure
40465	40671
Loss Before Tax	Loss After Tax
206	132
Earning Per Share in Rs.	Dividend
NIL	NIL

5. Generic name of three principal products/services of Company

Item Code No.	(As per monetary terms)		
(ITC Code)	<table border="1"><tr><td>N</td><td>A</td></tr></table>	N	A
N	A		
Product Description	TRADING OF POWER		

As per our Report of even date

For **Tiwari & Associates**

For and on behalf of Board of Directors

Chartered Accountants

(P. V. Tiwari)**(P.Narasimharamulu)****(C.P.Jain)**

Partner

Director

Chairman

Place : New Delhi

Dated : July 9, 2003

AUDITORS' REPORT

Auditor's Report to the Members of **NTPC Vidyut Vyapar Nigam Limited**

We have audited the attached Balance Sheet of **NTPC Vidyut Vyapar Nigam Limited**, as at 31st March, 2003 and also the Profit and Loss Account for the period ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 & 5 of the said order.

Further to our comments in the Annexure referred to above, we report that:

- (i) We have obtained all the information and explanation, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books.
- (iii) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account.
- (iv) In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
- (v) On the basis of written representations received from the directors as on 31st March, 2003, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2003 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
- (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2003; and
 - (b) in the case of the Profit and Loss Account, of the loss for the period ended on that date.

For **TIWARI & ASSOCIATES**
CHARTERED ACCOUNTANTS

Place: New Delhi
Dated: 9th July 2003

(P.V. TIWARI)
PARTNER

ANNEXURE TO THE AUDITORS' REPORT

Annexure referred to in Auditor's report of even date on the accounts of NTPC Vidyut Vyapar Nigam Limited for the period ended 31st March, 2003.

1. The Company has not taken any loans, secured or unsecured from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956. The provisions of section 370(1B) of the Companies Act, 1956 is not applicable in case of government company.
2. The Company has not granted loans, secured or unsecured to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956. The provisions of section 370(1B) of the Companies Act, 1956 is not applicable in case of government company.
3. The company has not granted any loans and advances in the nature of loans.
4. In our opinion and according to the information and explanations given to us there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to the purchase of stores, including components, plant & machinery, equipment and other assets and for sale of goods.
5. In our opinion and according to the information and explanations given to us there are no transactions of purchase of goods and materials and of sale of goods, materials and services made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and aggregating during the year to Rs.50,000/- (Rupees Fifty thousand only) or more in respect of any party.
6. The Company has not accepted any deposit under the provisions of Section 58A of the Companies Act, 1956.
7. The Company was not required to have an internal audit system.
8. The Central Government has not prescribed maintenance of cost records under section 209 (1)(d) of the Companies Act, 1956.
9. The provisions of Provident Fund and Employees State Insurance Scheme are not applicable to the company.
10. There were no undisputed amounts in respect of Income tax, Wealth Tax, Sales Tax, Custom Duty and Excise Duty outstanding as at 31st March, 2003 for a period of more than six months from the date they became payable.
11. The company has not debited any personal expenses to revenue account.
12. The company is not a sick industrial company within the meaning of Clause (o) of Sub-section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.
13. The provisions of other clauses of the Order are not applicable to the company.

For & on behalf of
TIWARI & ASSOCIATES
CHARTERED ACCOUNTANTS

Place : New Delhi
Dated : 9th July 2003

(P.V. TIWARI)
PARTNER



NTPC HYDRO LIMITED DIRECTORS' REPORT

To the Members NTPC Hydro Limited

Your Directors have pleasure in presenting their First Annual Report on the working of the Company together with Audited Accounts for the period from 12th December 2002 to 31st March 2003.

FORMATION OF THE COMPANY

According to the available information the hydel power potential of the country is estimated at over 1,00,000 MW at 60% load factor. Out of this, around 27,000 MW of hydel electricity can be derived from small and medium Hydro Electric Power Project of capacity less than 250 MW in various river basins widely spread across the country. These small and medium projects, once operational, will provide flexibility of supplying distributed generation in the vicinity of load centers and also help in meeting peak and off peak demand.

The Company was incorporated on 12th December 2002 as a wholly owned subsidiary Company of National Thermal Power Corporation Limited (NTPC) with an objective to develop small and medium Hydro Electric Power Projects of upto 250 MW capacity.

BUSINESS ACTIVITIES

For development of business, the company has initiated dialogues with various State Governments expressing its interest for allocation of potential projects for development subject to the techno-economic viability. Discussions are at different levels of fruition with State government of Kerala, Karnataka, Madhya Pradesh and Uttaranchal. It is expected that projects for about 200 MW can be allocated to the company for pre-feasibility studies, preparation of Detailed Project Report establishing their techno-economic viability and subsequent implementation.

FINANCIAL REVIEW

The company has obtained Certificate for Commencement of Business on 13th February 2003. No commercial activity has been carried out during the financial period ending 31st March 2003. The Company has incurred an expenditure of Rs. 16,393 on various miscellaneous activities. There being no income, the expenditure of Rs. 16,393 is carried over to the balance sheet as pre-operative expenses.

The preliminary expenses for the period ending 31st March, 2003 was Rs. 7,73,100 which was incurred for incorporation of the Company by the holding company.

PARTICULARS OF EMPLOYEES

Since the company has no employees, the particulars prescribed under Section 217(2A) of Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are not applicable.

DIRECTORS

As per the Memorandum & Articles of Association of the Company registered with the Registrar of Companies, Shri C.P. Jain, Chairman & Managing Director, NTPC and S/Shri K.K. Sinha, Director (HR) NTPC, P. Narasimhamulu, Director (Finance) NTPC and T. Sankaralingam, Director (Projects) NTPC are the first Directors of the Company.

AUDITORS' REPORT & C & A G REVIEW

The Comptroller and Auditor General of India (C&AG) has appointed M/s S. R. Kapur & Co., Chartered Accountants as Auditor of the Company for the financial year 2002-2003. There are no adverse comment, observation or reservation in the auditors report on the accounts of the Company.

The C&AG has decided not to review the report of the Auditors on the accounts of the Company for the year ended 31st March, 2003 and as such he has no comments to make under Section 619(4) of the Companies Act, 1956. A copy of the Non Review Certificate is enclosed as Annexure-I.

FIXED DEPOSITS:

The company has not accepted any fixed deposit during the period ending 31st March 2003.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING & OUTGO:

Since no commercial activity was carried out by the Company, particulars in respect of conservation of energy, technology absorption and foreign exchange earnings and outgo are not applicable to the Company.

DIRECTORS' RESPONSIBILITY STATEMENT:

As required under Section 217 (2AA) of the Companies Act, 1956 your Directors confirm that:

- in the preparation of annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- the directors had selected such accounting policies and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at 31st March, 2003 and of the loss of the company for that period;
- the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of the company and for preventing and detecting the fraud and other irregularities;
- the directors had prepared the annual accounts on a going concern basis.

ACKNOWLEDGEMENT:

The Board of Directors wish to place on record their appreciation for the support and co-operation extended by National Thermal Power Corporation Ltd., the Auditors and the Bankers of the Company.

For and on behalf of the Board of Directors

**(C.P.JAIN)
CHAIRMAN**

Place : New Delhi
Dated : August 25, 2003

Annexure - I

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956, ON THE ACCOUNTS OF NTPC HYDRO LIMITED, NEW DELHI FOR THE YEAR ENDED 31st MARCH 2003.

The Comptroller and Auditor General of India has decided not to review the report of the Auditors on the accounts of NTPC Hydro Limited, New Delhi, for the year ended 31st March 2003 and as such he has no comments to make under Section 619(4) of the Companies Act, 1956.

**(Revathi Bedi)
Principal Director of Commercial Audit
ex-officio Member Audit Board - III,
New Delhi**

Place : New Delhi
Dated : July 23, 2003

NTPC HYDRO LIMITED
BALANCE SHEET AS AT 31ST MARCH, 2003
Schedule No.

		As at 31.03.2003 (Rupees)
I. SOURCES OF FUNDS:		
Shareholders' Funds		
Capital	1	823,100
		823,100
II. APPLICATION OF FUNDS:		
Current Assets, Loans & Advances		
Cash and bank balances	2	49,400
Less: Current Liabilities and Provisions		
Current Liabilities	3	15,793
Net Current Assets		33,607
Miscellaneous Expenditure	4	789,493
(to the extent not written off or adjusted)		
		823,100
Accounting Policies and notes on Accounts (Schedules 1 to 5 form integral part of Annual Accounts) In terms of our report of even date For S.R. Kapur & Co. Chartered Accountants	5	

(D. K. Gupta)
Partner

(P.Narasimhamulu)
Director

(C.P.Jain)
Chairman

Place: New Delhi
Date: 4th July 2003

NTPC HYDRO LIMITED
PRE-OPERATIVE EXPENSES FOR THE PERIOD ENDED 31ST MARCH, 2003

EXPENDITURE		
Bank charges	100	
Printing & Stationery expenses	3,669	
Miscellaneous expenses	1,824	
Audit fees	10,800	
Carried over to Balance Sheet	16,393	
In terms of our report of even date For S.R. Kapur & Co. Chartered Accountants		
(D. K. Gupta) Partner	(P.Narasimhamulu) Director	(C.P.Jain) Chairman

Place: New Delhi
Date: 4th July 2003

SCHEDULES FORMING PART OF BALANCE SHEET

Schedule-1

CAPITAL

Authorised

10,000,000 Equity Shares of Rs.10/- each

100,000,000

Issued Subscribed and Paid-up

50,000 Equity Shares of Rs.10/- each.

(50,000 equity shares of Rs.10 each are held by the holding company, National Thermal Power Corporation Ltd., and its nominees)

500,000

Share Application Deposit Account

323,100

823,100

Schedule-2

CURRENT ASSETS LOANS & ADVANCES

Cash & Bank Balances

Cash in hand

500

Balance with Scheduled Bank-Current Account

48,900

49,400

Schedule-3

CURRENT LIABILITIES AND PROVISIONS

Current Liabilities

Audit fees payable

10,800

Due to National Thermal Power Corporation Ltd.

4,993

15,793

Schedule-4

MISCELLANEOUS EXPENDITURE

(to the extent not written off or adjusted)

Preliminary expenses

7,73,100

Pre-operative expenses

16,393

789,493

Schedule-5

A) Significant Accounting Policies

- The accounts of the company have been prepared on historical cost basis following accrual method of accounting;
- Preliminary and pre-operative expenses have been carried forward as the company is yet to commence commercial operations.

B) Notes on Accounts

- The Company was incorporated on 12th December, 2002, and the first accounting period under report is from 12th December, 2002 to 31st March, 2003.
- Being the first balance Sheet of the Company previous year figures are not mentioned.
- No Profit & Loss Account has been prepared as the Company has not started any commercial activity.
- A sum of Rs. 3,23,100/- paid by NTPC Ltd. towards preliminary expenses has been shown as Share Capital Deposit pending allotment of shares to NTPC Ltd.
- Claims against the Company not acknowledged as Debt Rs. NIL.

In terms of our report of even date

For S.R. Kapur & Co.
Chartered Accountants

(D. K. Gupta)
Partner

(P.Narasimhamulu)
Director

(C.P.Jain)
Chairman

Place : New Delhi

Date : July 4, 2003

**BALANCE SHEET ABSTRACT AND
COMPANY'S GENERAL BUSINESS PROFILE:**

1.Registration Det ail

Registration No. U 11 01 D L 2 2 G O 1 1 8 0 1 3

State Code :

0 5 5

Balance Sheet Date 3 1 0 3 2 0 0 3

2.Capital Raised during the year

(Amounts in Rs. Thousand)

Public Issue	Right issue
<u>N I L</u>	<u>N I L</u>
Bonus Issue	Private Placement
<u>N I L</u>	<u>5 0 0</u>

3. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities	Total Assets
<u>8 2 3</u>	<u>8 2 3</u>
Source of Funds	
Paid up Capital*	Reserve & Surplus
<u>8 2 3</u>	<u>N I L</u>
Secured Loans	Unsecured Loans
<u>N I L</u>	<u>N I L</u>

Application of Funds

Net Fixed Assets	Investments
<u>N I L</u>	<u>N I L</u>
Net Current assets	Misc. Expenditure
<u>3 4</u>	<u>7 8 9</u>
Accumulated Losses	
<u>N I L</u>	

4. Performance of Company (Amount in Rs. Thousands)

Turnover	Total Expenditure
<u>N I L</u>	<u>1 6</u>
Loss Before Tax	Loss After Tax
<u>1 6</u>	<u>1 6</u>
Earning Per Share in Rs.	Dividend
<u>N I L</u>	<u>N I L</u>

5. Generic name of three principal products/services of Company

Item Code No.	(As per monetary terms)
(ITC Code)	<u>N A</u>
Product Description	<u>N A</u>

* Including Share capital of Rs. 3,23,100/-

For S.R. Kapur & Co.
Chartered Accountants

(D. K. Gupta)
Partner

(P.Narasimhamulu)
Director

(C.P.Jain)
Chairman

Place : New Delhi

Date : 4th July 2003

AUDITORS' REPORT

The Members,
NTPC Hydro Limited,
New Delhi.

We have audited the attached Balance Sheet of **NTPC HYDRO LIMITED** as at 31st March 2003 and the Pre-operative Expenses Account for the period ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An Audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Manufacturing and other Companies (Auditor's Report) order, 1988 issued by the Central Government of India in terms of Sub-Section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that:

- i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
- ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books.
- iii) The Balance Sheet and Pre-operative Expenses Account dealt with by this report are in agreement with the books of account.
- iv) In our opinion, the Balance sheet and the Pre-operative Expenses Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the companies Act 1956.
- v) On the basis of written representations received from the directors, as on 31st March, 2003 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2003 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts and notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
 - (a) In the case of Balance Sheet of the state of Affairs of the Company as at 31st March, 2003. and
 - (b) In the case of the Pre-operative Expenses Account of the Loss for the year ended on that date.

for S.R. Kapur & Co.

(D.K. Gupta)
Partner
Chartered Accountants

Place : New Delhi
Dated : 4th July 2003

**Annexure referred in the Auditors' Report to the Members of
NTPC HYDRO LIMITED**
on accounts for the period ended on 31st March, 2003

1. That company has no fixed assets.
2. In the absence of fixed assets there was no revaluation.
3. The company has not taken any loans, secured or unsecured from companies, firms or other parties covered under section 301 of the Companies Act, 1956. The provision of section 370 (1B) of the Companies Act, 1956 is not applicable in case of government company.
4. The company has not granted loans, secured or unsecured to companies, firms or other parties covered under section 301 of the companies Act, 1956. The provision of section 370 (1B) of the Companies Act, 1956 is not applicable being government company.
5. The company has not given loans or advances in the nature of loans with stipulation of instalments in respect of the repayment of the same and interest thereon.
6. No transaction of purchase of goods and materials, contract receipts and services have been made in pursuance of contracts or arrangements covered under section 301 of the Companies Act, 1956 & aggregating during the period to Rs.50,000 or more in respect of each party.
7. In our opinion and according to the information and explanations given to us the company has not accepted any deposit covered under section 58A of the Companies Act, 1956 and the rules framed thereunder.
8. The company was not required to have an internal audit system.
9. The Central Government has not prescribed the maintenance of cost records under section 209 (1)(d) of the Companies Act, 1956 for the company.
10. The provisions of Provident Fund and Employees State Insurance Scheme were not applicable to the company.
11. According to the information and explanations given to us, no amounts were outstanding in respect of Income Tax, Wealth Tax, Sales Tax, Customs Duty and Excise Duty as at 31st March, 2003.
12. No personal expenses of employees or directors have been charged to revenue account.
13. The company is not a sick industrial company within the meaning of Clause (o) of sub-section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.
14. The other provisions of the Order were not applicable as no business was carried by the company.

for S.R. Kapur & Co.

(D.K. Gupta)
Partner
Chartered Accountants

Place : New Delhi
Dated : 4th July 2003

PIPAVAV POWER DEVELOPMENT COMPANY LIMITED DIRECTORS' REPORT

To,
The Members,

Your Directors have pleasure in presenting their 2nd Annual Report on the Working of the Company together with Audited Accounts for the financial year 2002-2003.

IMPLEMENTATION OF PIPAVAV MEGA POWER PROJECT

As per Revised mega power project policy guidelines of November, 1998 of Govt. of India, Pipavav Power Project (2000 MW) was identified for implementation in private sector as a mega power project in Amreli district of Gujarat. National Thermal Power Corporation Ltd. (NTPC) the Holding Company was entrusted with the responsibility of carrying out the pre-development activities for the project. Power Trading Corporation of India Ltd. (PTC) was identified for selection of prospective developer for implementation of the project in private sector.

All the pre-development activities for Pipavav Project identified under NTPC scope of work have been carried out by NTPC and necessary site-specific inputs were provided to Power Grid Corporation of India Ltd. / PTC for preparation of Request For Proposal (RFP) documents. PTC has informed that the project is not being pursued by them and they have requested Ministry of Power (MOP) to take a view. The project is dormant at present. It is essential to identify the project developer urgently by the Govt. of India and to agree to a time bound action plan for development of the project by the developer. Therefore, your Company have requested Ministry of Power to consider approaching Govt. of Gujarat to ascertain if Gujarat Power Corporation Limited (GPCL) is interested in implementing this Project.

TRANSFER OF LAND IN FAVOUR OF COMPANY

In compliance with the Presidential directive issued by MOP vide letter dated 15.12.1999, in January, 2000 NTPC made the payment of Rs.6.05 crore to GPCL towards compensation against 212 hectares of land for the main plant area of Pipavav Mega Power Project. The payment was made by NTPC subject to certain conditions which, inter-alia, included that this payment shall be deemed to have been made to GPCL by NTPC on behalf of the 'Shell Company' then to be incorporated (i.e. PPDCL).

NTPC/PPDCL had requested GPCL / Govt. of Gujarat for transfer of the above referred 212 hectares of land in favour of the Company free from all encumbrances/litigation. However, the land alongwith necessary documents has not yet been transferred in favour of the Company. MOP has been apprised about this issue and Govt. of Gujarat has also been requested to intervene in the matter. In the meanwhile GPCL has given No Objection Certificate to Revenue Deptt. of Govt. of Gujarat for transfer of 3.68 hectare of land to railways for laying new railway line between Rajula and Pipavav port. GPCL has been requested to promptly pay back to NTPC/PPDCL, the compensation received / to be received from Railways towards the cost of this land.

FINANCIAL REVIEW

No commercial activity was carried out during the year. The company has incurred an expense of Rs. 21,201/- as administrative expenses. There being no income, the excess of expenditure over income for the year was also carried over to balance sheet as pre-operative expenses.

PARTICULARS OF EMPLOYEES

Since, the company has no employee, the particulars prescribed under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are not applicable.

DIRECTORS

Shri C.R.Pradhan, ceased to be Director of the Company w.e.f. 30th June, 2003 on attaining the age of superannuation and Shri S. Trivedi, Executive Director (Western Region). NTPC was appointed as Director of the company w.e.f. 12th July, 2003.

AUDITORS' REPORT & C & AG REVIEW

The Comptroller and Auditor General of India (C&AG) has appointed M/s Sanjeev Chopra & Company, Chartered Accountants as Auditor of the Company for the financial year 2002-2003. There are no adverse comment, observation or reservation in the auditors report on the accounts of the Company.

The C&AG has decided not to review the report of the Auditors on the accounts of the Company for the year ended 31st March, 2003 and as such he has no comments to make under Section 619(4) of the Companies Act, 1956. A copy of the Non Review Certificate is as Annexure-I.

SECRETARIAL COMPLIANCE REPORT

The Company appointed M/s. K.K. Malhotra & Company, Company Secretaries for giving the Certificate of compliance under Section 383A(1) of the Companies Act, 1956. The Certificate is attached with the Director's Report as Annexure-II.

FIXED DEPOSITS

The Company has not accepted any fixed deposit during the period ending 31st March 2003.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING & OUTGO

Since no commercial activity was carried out by the Company, particulars in respect of conservation of energy, technology absorption and foreign exchange earnings and outgo are not applicable to the Company.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217(2AA) of the Companies Act, 1956 your Directors confirm that:

- i) In the preparation of the Annual Accounts, the applicable accounting standards had been followed alongwith proper explanation relating to material departures;
- ii) The directors had selected such accounting policies and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at 31st March, 2003 and of the loss of the company for that period;
- iii) The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities; and
- iv) The directors had prepared the annual accounts on a going concern basis.

ACKNOWLEDGEMENT

The Board of Directors wish to place on record their appreciation for the support and co-operation extended by the Union Ministry of Power, National Thermal Power Corporation Ltd., Gujarat Power Corporation Ltd., Auditors and the Bankers of the company.

For and on behalf of the Board of Directors

(T. Sankaralingam)
Chairman

Place : New Delhi
Dated : 1st September 2003

Annexure-I
COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL
OF INDIA UNDER SECTION 619 (4) OF THE COMPANIES ACT 1956
ON THE ACCOUNT OF PIPAVAV POWER DEVELOPMENT
COMPANY LIMITED, NEW DELHI FOR THE YEAR ENDED 31ST
MARCH 2003

The Comptroller and Auditor General of India has decided not to review the report of the Auditor on the accounts of Pipavav Power Development Company Limited, New Delhi, for the year ended 31st March 2003 and as such he has no comments to make under Section 619 (4) of the Companies ACT. 1956.

(Revathi Bedi)
Principal Director of Commercial Audit and
ex-officio Member Audit Board-III,
New Delhi

Place: New Delhi
 Dated: 28th July 2003

Annexure-II

To,
The Members

PIPAVAV POWER DEVELOPMENT COMPANY LTD.
NTPC BHAWAN, CORE-7, SCOPE COMPLEX,
7, INSTITUTIONAL AREA, LODI ROAD, NEW DELHI – 110003

We have examined the registers, records, books and papers of **PIPAVAV POWER DEVELOPMENT COMPANY LTD.** as required to be maintained under the Companies Act, 1956, (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the company for the financial year ended 31st March, 2003. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the company, its officers and agents, we certify that in respect of the aforesaid financial year:

1. The company has kept and maintained all registers as stated in Annexure 'A' to this certificate as per the provisions of the Act and the rules made thereunder and all entries therein have been duly recorded.
2. The company has duly filed the forms and returns on the dates as stated in Annexure 'B' to this certificate with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities as required under the Act and the rules made there under.
3. The company, being a public limited company, has the minimum prescribed paid up capital.
4. The Board of Directors duly met **4(Four)** times on 15/05/2002, 15/07/2002, 18/12/2002, 21/03/2003 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed. The Directors did not approve any resolution by circulation.
5. The company was not required to close its Register of Members during the financial year.
6. The Annual General Meeting for the financial year ended 31st March, 2002 was held on 19th September 2002 after obtaining consent from its members to hold the meeting at a shorter notice and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No Extra Ordinary Meeting was held during the financial year.
8. The company has not advanced any loan to its directors or persons or firms or companies referred in the section 295 of the Act.
9. The company has not entered into any contracts falling within the purview of section 297 of the Act.
10. The company was not required to make any entries in the register maintained under section 301 of the Act.
11. As there were no instances falling within the purview of Section 314 of the Act, the company has not obtained any approvals from the Board of Directors, Members or Central Government, as the case may be.
12. The company has not issued any duplicate share certificates for the financial year ended 31st March 2003.
13. The company has:
 - (i) delivered all the certificates on allotment of securities and on lodgment thereof for transfer/transmission or any other purpose in accordance with the provisions of the Act.
 - (ii) not deposited any amount in a separate bank account as no dividend was declared for the financial year ended 31st March, 2003.

- (iii) not posted warrants to any member of the company as no dividend was declared during the financial year ended 31st March, 2003.
- (iv) not transferred any amount in Investor Education and Protection Fund as there is no unpaid dividend, application money due for refund, matured deposits, matured debentures and the interest accrued thereon, which have remained unclaimed or unpaid for a period of seven years.
- (v) duly complied with the requirements of section 217 of the Act.

14. The Board of Directors of the company is duly constituted. There was no appointment of additional directors, alternated directors and directors to fill casual vacancy during the financial year.
15. The Company has not appointed any managing director/whole-time director/manager during the financial year.
16. The company has not appointed any sole-selling agents during the financial year.
17. The company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar of Companies and/or such authorities prescribed under the various provisions of the Act.
18. The directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
19. The company has issued **310000** equity shares during the financial year and complied with the provisions of the Act.
20. The company has not bought back any shares during the financial year.
21. There was no redemption of preference shares or debentures during the financial year.
22. There were no transactions necessitating the company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The company has not invited/ accepted any deposits including any unsecured loans falling within the purview of Section 58A during the financial year.
24. The Company has not made any borrowings during the financial year ended 31st March, 2003.
25. The company has not made any loans or investments or given guarantees or provided securities to other bodies corporate and consequently no entries have been made in the register kept for the purpose for the financial year ended 31st March, 2003.
26. The company has not altered the provisions of the memorandum with respect to situation of the company's registered office from one state to another during the financial year under scrutiny.
27. The company has not altered the provisions of the memorandum with respect to the objects of the company during the year under scrutiny.
28. The company has not altered the provisions of the memorandum with respect to name of the company during the year under scrutiny.
29. The company has not altered the provisions of the memorandum with respect to share capital of the company for the financial year ended 31st March, 2003 under scrutiny and complied with provisions of the Act.
30. The company has not altered its articles of association during the financial year.
31. There was no prosecution initiated against or show cause notices received by the company for the financial year for offences under the Act.
32. The company has not received any money as security from its employees during the financial year.
33. The company has not constituted its employees' Provident Fund during the financial year; hence Section 418 of the Act is not applicable to the company.

For K.K MALHOTRA & CO.
Company Secretaries

K.K MALHOTRA
C.P.NO.446

Place : New Delhi
 Date : 30th June, 2003

27th Annual Report

PIPAVAV POWER DEVELOPMENT COMPANY LIMITED

Annexure - A

Registers as maintained by the company:

1. Register of Members u/s 150.
2. Index of Members u/s 151.
3. Register of transfers
4. Book of Accounts
5. Register of particulars of contracts in which directors are interested u/s 301.
6. Registers of Directors, Managing Director, Manager and Secretary u/s 303.
7. Register of Directors' Shareholdings u/s 307.
8. Register of Application and Allotment of Shares.

Annexure - B

Forms and Returns as filed by the company with the Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ending on 31st March 2003.

1. Statement in Lieu of Prospectus dated 22/05/2002.
2. Form No. 20 Filed u/s 149(2) (b) dated 22/05/2002.
3. Form No. 2 Filed u/s 75(1) dated 28/05/2002.
4. Annual Return Filed dated 7/10/2002.
5. Balance Sheet Filed dated 7/10/2002.

PIPAVAV POWER DEVELOPMENT COMPANY LIMITED BALANCE SHEET AS AT 31st MARCH, 2003

	Schedule No.	As at 31.03.2003 (Rupees)	As at 31.03.2002 (Rupees)
I. SOURCES OF FUNDS:			
Shareholders' Fund			
Capital	1	36,00,000	5,00,000
		36,00,000	5,00,000
II. APPLICATION OF FUNDS:			
Current Assets, Loan and Advances			
(a) Cash and bank balances	2	7,182	4,585
(b) Loans and advances	3	6,05,00,000	6,05,00,000
		6,05,07,182	6,05,04,585
Less: Current Liabilities and Provisions			
Liabilities	4	6,05,15,260	6,35,91,462
Net Current Assets		(-)8,078	(-)30,86,877
Miscellaneous Expenditure			
(to the extent not written off or adjusted)	5	36,08,078	35,86,877
		36,00,000	5,00,000
Accounting Policies and Notes on Accounts	6		
Schedules 1 to 6 form integral part of			
Annual Accounts.			
In terms of our report of even date			

For Sanjeev Chopra & Co.
Chartered Accountants

(Parveen K. Kanwar)
Partner

(S. L. Kapur)
Director

(T. Sankaralingam)
Chairman

Place : New Delhi
Date : 30th June 2003

PIPAVAV POWER DEVELOPMENT COMPANY LIMITED PRE-OPERATIVE EXPENSES FOR THE YEAR ENDED 31st MARCH, 2003

	Year ended on 31.03.2003 (Rupees)	Year ended on 31.03.2002 (Rupees)
Bank charges	110	185
Printing & Stationery expenses	200	1,730
Misc. Expenses	3,271	Nil
Filing fees	2,500	500
Secretarial Audit Fee	4,320	--
Audit fees	10,800	2,100
Carried over from last year	4,515	--
Carried over to Balance Sheet	25,716	4,515

In terms of our report of even date

For Sanjeev Chopra & Co.
Chartered Accountants

(Parveen K. Kanwar)
Partner

(S. L. Kapur)
Director

(T. Sankaralingam)
Chairman

Place: New Delhi
Date: 30th June 2003

SCHEDULES FORMING PART OF BALANCE SHEET

	As at 31 st March, 2003 (Rupees)	As at 31 st March, 2002 (Rupees)
Schedule - 1		
CAPITAL		
Authorised		
1,00,00,000 Equity Shares of Rs.10/- each	10,00,00,000	10,00,00,000
ISSUED SUBSCRIBED AND PAID-UP		
3,60,000 (Previous Year 50,000) Equity Shares of Rs.10/- each.	36,00,000	5,00,000
(3,60,000 equity shares (previous year 50,000 equity shares) of Rs.10 each are held by the holding company, National Thermal Power Corporation Ltd., and its nominees)		
Schedule - 2		
CASH & BANK BALANCES		
Cash in hand	439	270
Balance with Scheduled		
Bank-Current Account	6,743	4,315
	7,182	4,585
Schedule - 3		
LOANS AND ADVANCES		
(Advances recoverable in cash or in kind or for value to be received) Unsecured, considered good Advance to Gujarat Power Corporation Limited	6,05,00,000	6,05,00,000
Schedule - 4		
CURRENT LIABILITIES		
Sundry Creditors	15,260	2,100
Other Liabilities	6,05,00,000	6,35,89,362
	6,05,15,260	6,35,91,462
Schedule - 5		
MISCELLANEOUS EXPENDITURE		
(To the extent not written off or adjusted)		
Preliminary expenses	7,72,200	7,72,200
Survey & Investigation expenses	28,10,162	28,10,162
Pre-operative expenses	25,716	4,515
	36,08,078	35,86,877

Schedule - 6

A) Significant Accounting Policies

Preliminary and pre-operative expenses have been carried forward as the company is yet to commence its commercial operations.

B) Notes on Accounts

1. No Profit & Loss Account has been prepared as the Company has not started any commercial activity.
2. Previous period figures have been regrouped/rearranged wherever necessary.
3. Pursuant to Presidential Directive received under Articles of Association of National Thermal Power Corporation Limited (NTPC), NTPC had paid a sum of Rs.6,05,00,000 for acquisition of 212 hectares of land in Amreli District of Gujarat to M/s Gujarat Power Corporation Ltd. (GPCL). The payment was made by NTPC on behalf of Pipavav Power Development Company Limited and accordingly it has been shown as advance to GPCL. The land is yet to be transferred in the name of the Company.
4. GPCL has given NOC to Revenue Deptt. of Govt. of Gujarat for transfer of 3.68 hectare of land to railways for laying new railway line between Rajula and Pipavav port. The amount is yet to be received from Railways in this regard.

In terms of our report of even date

For Sanjeev Chopra & Co.
Chartered Accountants

(Parveen K. Kanwar)
Partner

(S. L. Kapur)
Director

(T. Sankaralingam)
Chairman

Place: New Delhi
Date: 30th June 2003

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE:**1. Registration Detail**

Registration No. U 4 0 1 0 5 D L 2 0 0 1 U G C 1 1 3 5 0 8 State Code : 0 5 5

Balance Sheet Date Date Month Year
3 1 0 3 2 0 0 3

2. Capital Raised during the year

(Amounts in Rs. Thousand)

3.	Public Issue	Right issue
	<u>N I L</u>	<u>N I L</u>
	Bonus Issue	Private Placement
	<u>N I L</u>	<u>3 1 0 0</u>

4. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

	Total Liabilities	Total Assets
	<u>3 6 0 0</u>	<u>3 6 0 0</u>
Source of Funds		
	Paid up Capital	Reserve & Surplus
	<u>3 6 0 0</u>	<u>N I L</u>
	Secured Loans	Unsecured Loans
	<u>N I L</u>	<u>N I L</u>
Application of Funds		
	Net Fixed Assets	Investments
	<u>N I L</u>	<u>N I L</u>
	Net Current assets	Misc. Expenditure
	<u>(-) 8</u>	<u>3 6 0 8</u>
	Accumulated Losses	
	<u>N I L</u>	

5. Performance of Company (Amount in Rs. Thousands)

Turnover	Total Expenditure
<u>N I L</u>	<u>2 1</u>
Loss Before Tax	Loss After Tax
<u>2 1</u>	<u>2 1</u>
Earning Per Share in Rs.	Dividend
<u>N I L</u>	<u>N I L</u>

6. Generic name of three principal products/services of Company

Item Code No. (ITC Code)	(As per monetary terms)
Product Description	

For and on behalf of Board of Directors

(S.L. Kapur)
Director(T. Sankaralingam)
ChairmanPlace: New Delhi
Date: 30th June 2003**AUDITORS' REPORTS**

To The Members of

Pipavav Power Development Company Limited

We have audited the attached balance sheet of **Pipavav Power Development Company Limited**, New Delhi as at 31st March 2003 and pre-operative expenses statement for the year ended on that date annexed thereto. No Profit & loss account has been prepared since the company has not commenced any business activity during the year. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurances about whether the financial statements are free of material misstatement (s) An audit includes examining, on a test basis, evidence supporting the amounts and disclosure in the financial statements. An audit also includes assessing the amounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We report that:

- We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
- In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books.
- The balance sheet and pre-operative expenses statement dealt with by this report are in agreement with books of account.
- In our opinion, the balance sheet and pre-operative expenses statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act 1956.

- On the basis of written representations received from the directors, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2003, from being appointed as a director in terms of clause(g) of sub-section(1) of section 274 of the Companies Act, 1956.
- In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
 - in the case of the balance sheet, of the state of affairs of the company as at 31st March 2003, and
 - in the case of pre-operative expenses statement, of the expenses for the year ended on that date.

In terms of matters specified in paragraph 4 and 5 of the Manufacturing and other companies (Auditor's Report) order, 1988 issued by the Central government of India under sub-section (4A) of section 227 of the Companies Act, 1956 and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we further report that:

- Since the company has not commenced any business operations and is not having any fixed assets/stocks, para nos. (i) to (vi) of the order are not applicable to the company.
- The company has not taken any loans, secured or unsecured from companies, firms or other parties covered under section 301 of the companies Act, 1956 or from the companies under the same management as defined under section 370 (1B) of the Companies Act, 1956.
- The company has not granted loans or advances to companies, firms or other parties covered under section 301 of the Companies Act, 1956 and / or to the companies under the same management as defined under section 370 (1B) of Companies Act, 1956.
- The company has not given loans or advances in the nature of loans.
- No transactions of purchase of goods and materials and sale of goods, material and services have been made in pursuance of contracts or arrangement covered under section 301 of the Companies Act, 1956 and aggregating during the year to Rs. 50,000/- or more in respect of each party.
- In our opinion and according to the information and explanations given to us, the company has not accepted any deposits from public during the year.
- The company has no by-products or realizable scraps during the year.
- The company is not having any Internal Audit System as such, as in the opinion of the management the same was not considered essential in view of its present state of affairs since no business operations were carried out by the company during the year.
- The Central Govt. has not prescribed the maintenance of cost records u/s 209 (1) (d) of the Companies Act, 1956 for the company.
- According to the information and explanations given to us, the provisions of provident fund and employees state insurance scheme are not applicable to the company.
- According to the information and explanations given to us, there are no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Custom Duty and Excise Duty as at 31st March 2003 which are outstanding for more than six months from the date they become payable.
- During the course of our examination of the books of accounts carried out in accordance with the generally accepted audit practice we have not come across any personal expenses which have been charged to revenue account, other than those payable under contractual obligations or in accordance with generally accepted business practices.
- The Company is not a sick industrial company with the meaning of clause "O" of Sub-Section (1) of section (3) of the Sick Industrial Companies (Special Provisions) Act, 1985.
- Other provisions of the order are not applicable, as no business has been carried out by the company during the year.

For Sanjeev Chopra & Company
Chartered Accountants

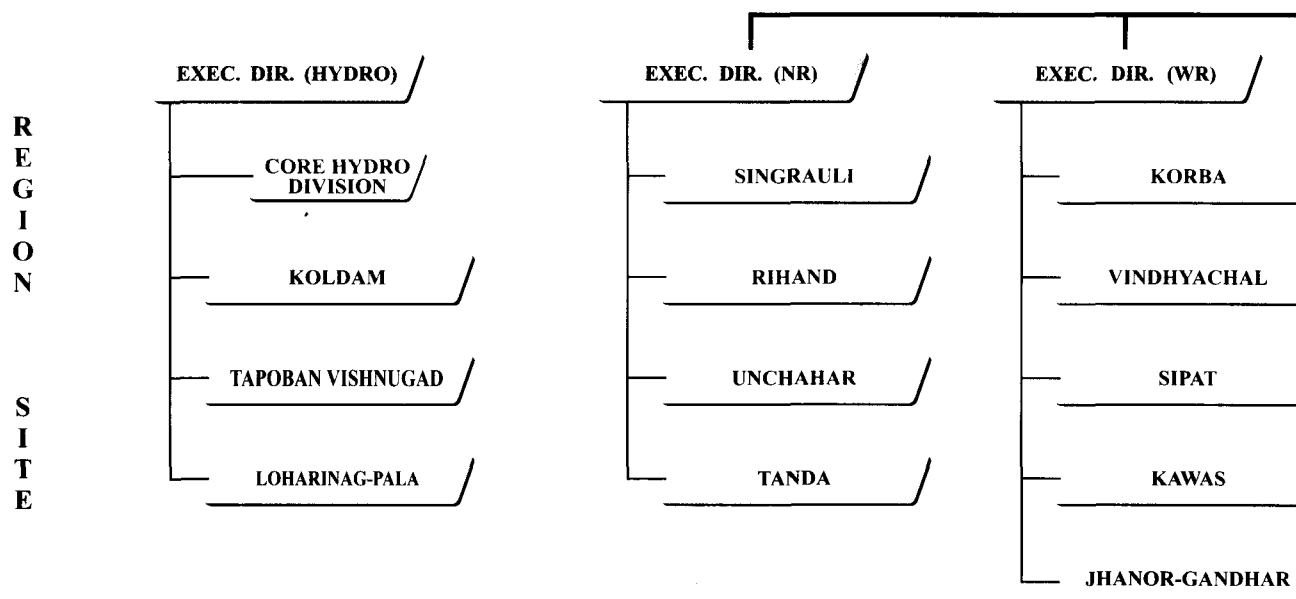
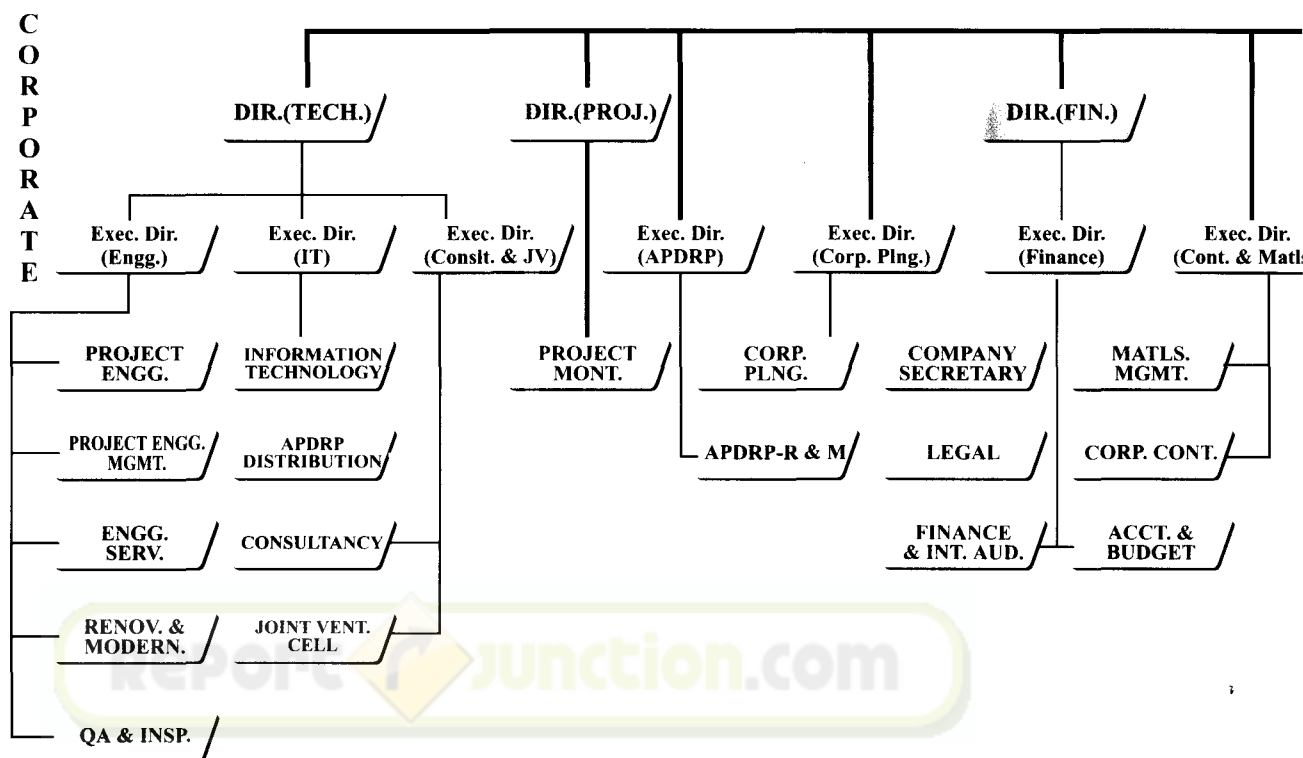
Place: New Delhi
 Date: 30th June 2003

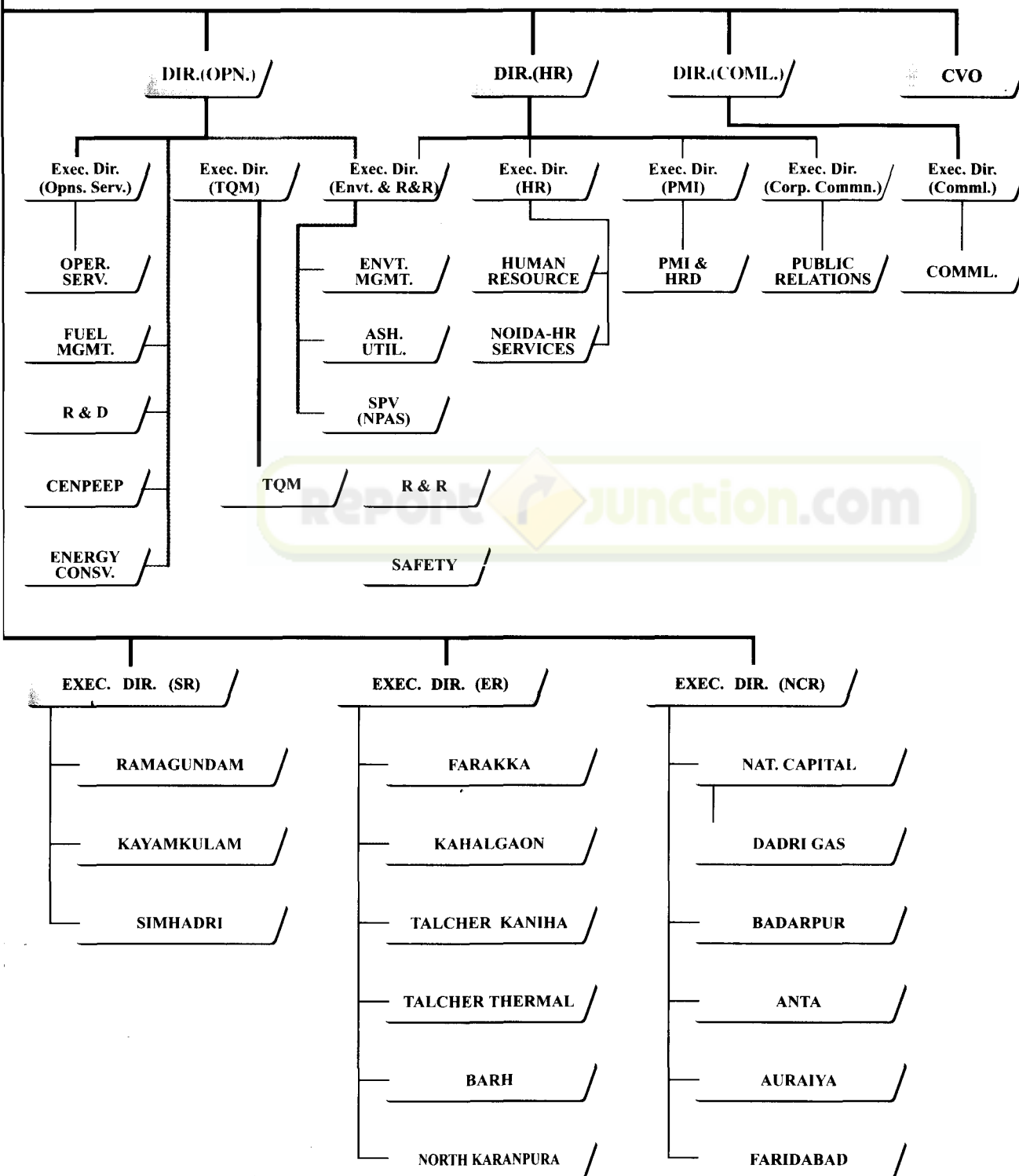
(Parveen Kumar)
Partner

ORGANISATION CHART AS ON 24-09-2003

BOARD OF

CHAIRMAN AND



DIRECTORS**MANAGING DIRECTOR**

ADDRESSES OF NTPC HEAD QUARTERS, REGIONAL OFFICES, STATIONS & PROJECTS

REGISTERED OFFICE:

NTPC Bhawan
Core-7, Scope Complex,
7, Institutional Area, Lodi Road,
New Delhi - 110003

OTHER OFFICES:

Engineering Office Complex
Plot No. 8A, Sector-24, Noida-201301
Distt.-Gautam Budh Nagar,
Uttar Pradesh

Research and Development Centre
8A, Sector-24, Noida - 201301
Distt.-Gautam Budh Nagar,
Uttar Pradesh

Power Management Institute
Plot No. 5 to 14, Sector-16A,
Noida - 201301,
Distt- Gautam Budh Nagar,
Uttar Pradesh

Consultancy Wing,
R&D Centre Bldg.,
8A, Sector - 24, Noida - 201301
Distt. Gautam Budh Nagar,
Uttar Pradesh

Centre for Power Efficiency &
Environment Protection (CENPEEP)
R&D Centre Building, Sector-24,
Noida - 201301
Distt.-Gautam Budh Nagar,
Uttar Pradesh

REGIONAL HEADQUARTERS:

Eastern Region
Loknaya Jaiprakash Bhawan,
2nd floor Dak Bunglow Chowk
Patna-800001,
Bihar

National Capital Region
R&D Centre Building
Sector-24, NOIDA - 201301,
Uttar Pradesh

Northern Region
B-1 Block, Picup Bhawan,
Vibhuti Khand
Gomti Nagar, Lucknow - 226001,
Uttar Pradesh

Southern Region
2nd & 5th Floor, M.C.H. Complex,
R.P. Road, Secunderabad -500003,
Andhra Pradesh

Western Region
Samruddhi Trade Centre
2nd Floor, MIDC, Marol
Andheri (East),
Mumbai - 400093
Maharashtra

PROJECTS:

Anta Gas Power Project
P.O.-Anta, Distt.-Baran-325209
Rajasthan

Auraiya Gas Power Station
P.O.-Dibiyapur, Distt.-Auraiya-206244,
Uttar Pradesh

Barh Super Thermal Power Project
Malayanil Buddha Colony, Patna-800001,
Bihar

Badarpur Thermal Power Station
Badarpur,
New Delhi - 110044

Farakka Super Thermal Power Station
P.O. Nabarun-742236, Distt.-Murshidabad
West Bengal

Faridabad Gas Power Project
Village - Mujhedi
P.O. Neemka, Distt.-Faridabad
Haryana

Feroz Gandhi Unchahar Thermal Power Project
P.O. Unchahar, Distt.-Raibareilly,
Uttar Pradesh

Jhanor-Gandhar Gas Power Project
P.O.-Urja, NTPC Township, Distt. -Bharuch
Gujarat-392215

Korba Super Thermal Power Station
P. O. Vikas Bhawan, Jamanipali - 495450
Distt. Korba
Chhattisgarh

Kahalgao Super Thermal Power Project
P.O.-Kahalgao
Distt.-Bhagalpur - 813214
Bihar

Kawas Gas Power Project
P.O. - Adityanagar, Surat - 394516,
Gujarat

Kayamkulam Combined Cycle
Power Project
P.O. Choolatheruvu,
Distt.- Alappuzha - 690506,
Kerala

Koldam Hydroelectric Power Project
P.O. Barmana
Distt. Bilaspur - 174013
Himachal Pradesh

National Capital Power Station
Vidyut Nagar
Distt. Gautam Budh Nagar - 201008,
Uttar Pradesh

Loharinag-Pala Hydroelectric Power Project
27 & 28, Maneri Colony,
P.O. Maneri, Distt. Uttarkashi - 249194
Uttaranchal

North Karanpura Super Thermal Power Project
Camp Office, F-51, Sector - 3, Dhurwa
Ranchi - 834004
Jharkhand

Ramagundam Super Thermal Power Station
P.O. Jyotinagar
Distt.- Karimnagar - 505215,
Andhra Pradesh

Rihand Super Thermal Power Project
P.O. Rihandnagar
Distt.-Sonebhadra - 231223,
Uttar Pradesh

Simihadri Thermal Power Project
P.O. NTPC Simhadri
Distt. Vishakhapatnam - 531020
Andhra Pradesh

Singrauli Super Thermal Power Station
P.O. Shaktinagar, Distt. Sonebhadra - 231222,
Uttar Pradesh

Sipat Super Thermal Power Station
P.O. Sipat, Distt. Bilaspur - 495006
Chhattisgarh

Talcher Super Thermal Power Project
P.O. Deepsikha (Kaniha)
Distt. - Angul - 759147
Orissa

Talcher Thermal Power Project
P.O. Talcher Thermal, Distt.-Angul - 759101
Orissa

Tanda Thermal Power Station
P.O. Vidyut Nagar
Distt. Ambedkar Nagar - 224238,
Uttar Pradesh

Tapoban Vishnugad Hydroelectric
Power Project
Ranigram, Joshi Math,
Malari Road,
P.O. Joshi Math, Distt. Chamoli - 246443
Uttaranchal

Vindhyachal Super Thermal Power Project
P.O.-Vindhyachal
Distt.-Sidhi - 486885,
Madhya Pradesh

SENIOR MANAGEMENT TEAM

CORPORATE CENTRE

Sh. G. S. Sohal, ED (APDRP)
 Sh. S. Sen, ED (Engineering)
 Sh. S. D. Tyagi, ED (TQM)
 Sh. R. S. Sharma, ED (CP)
 Sh. A. K. Singhal, ED (Finance)
 Sh. N. S. Choudhary, ED (JV&C)
 Sh. R. K. Jain, ED (CC&M)
 Sh. G. K. Agarwal, ED (PMI)
 Sh. S. N. Pandey, GM (EMG, Ash & NPAS)
 Sh. A. K. Dhar, GM (Finance)
 Sh. D. S. Sharma, GM (Commercial)
 Sh. Mathura Prasad, GM (R&R and Safety)
 Sh. I. S. Paraswal, GM (TQM)
 Sh. M. C. Nebnani, GM (R&D)
 Sh. O. P. Kalia, GM (PE)
 Sh. K. K. Garg, GM (Comml)
 Sh. B. C. Ghosh, GM (CMG)
 Sh. B. P. Singh, GM (Fuel Mgmt)
 Sh. R. K. Sharma, GM (Finance)
 Sh. R. K. Rustagi, GM (HR)
 Sh. S. Kumar, GM (HR-Services)
 Sh. A. K. Kundu, GM (Finance)
 Sh. A.K. Mitra, GM (Energy Consv)
 Sh. S. C. Deosharma, GM (CENPEEP)
 Sh. S. Krishnamurthy, GM (APDRP)
 Sh. Dinesh Kumar, GM (IT)
 Sh. S. P. Singh, GM (QA&I)
 Sh. A. N. Dave, GM (PE-Hydro)
 Sh. N. N. Mishra, GM (PE-Elect)
 Sh. B. K. Mandal, GM (Finance)
 Sh. Vijay Gupta, GM (CP)
 Sh. H. C. Mittal, GM (New Project Support)
 Sh. Mukul Banarjee, GM (APDRP-R&M)
 Sh. Balbir Arya, GM (Finance)
 Sh. V. B. K. Jain, GM (Commercial)
 Sh. R. L. Mattoo, GM (Coal Washery)
 Sh. S. L. Bose, GM (CW)
 Sh. Vinay Kumar, GM (OS)
 Dr. Subhash Chandra, CMO
 Sh. B. V. S. Raghavaiah, GM (Finance)
 Sh. S. Chattarjee, GM (Materials)
 Sh. O. P. Mittal, Chief Law Officer
 Sh. D. K. Jain, GM (R&M)
 Sh. L. D. Gupta, GM (Contracts)
 Sh. S. S. Mediratta, GM (OS)
 Sh. P. K. Modi, GM (PE-Mech)
 Sh. H. S. Binopal, GM (Vigilance)
 Sh. N. K. Sharma, GM (CP)
 Sh. G. D. Agrawal, GM (HR)
 Sh. A. K. Bajpaie, Company Secretary

EASTERN REGION

Sh. Balmiki Prasad, Executive Director - ER
 Sh. P. P. Singh, GM - Talcher-Kaniha
 Sh. R. T. Swamy/ Sh. K. Nagrajan, GM - Kahalgaon
 Sh. M. A. A. Parwaiz, GM - Barh

Sh. Vishwaroop, GM-Farakka
 Sh. Lallan Prasad, GM - Talcher Thermal
 Sh. R. Dutt, GM - Comml. ER-HQ

NATIONAL CAPITAL REGION

Sh. Chandan Roy, Executive Director-NCR
 Sh. M. K. Ray, GM (C&M), NCR HQ.
 Sh. T. V. Rao, GM-NCPP-Dadri
 Sh. P. K. Chakravorty, GM-Anta
 Sh. R. N. Sen, GM-Badarpur
 Sh. J. Bhoomik, GM-Auraiya
 Sh. V. N. Choudhary, GM - Faridabad
 Sh. I. J. Kapoor - GM(Comml.), NCR HQ.

NORTHERN REGION

Sh. S. B. Agrawal, Executive Director-NR
 Sh. R. S. Sharma, GM - Singrauli
 Sh. J. Jha, GM - Rihand
 Sh. I.B. Pandey, GM - Tanda
 Sh. J. Mohapatra, GM - Unchahar
 Sh. A.C. Chaturvedi, GM (HR), NR-HQ
 Sh. P. Mandal, GM (Finance), NR-HQ

SOUTHERN REGION

Sh. S. V. Moorthy, Executive Director - SR
 Sh. S. Banerjee, GM - Ramagundam
 Sh. S. R. Yadav, GM - Simhadri
 Sh. R. Rama Rao, GM (Kayamkulam)
 Sh. C. Vijyakumar, GM (HR), SR-HQ
 Sh. J. Sikdar, GM (C&M) SR-HQ

WESTERN REGION

Sh. S. Trivedi, Executive Director - WR
 Sh. R. Bose, GM (OS), WR-HQ
 Sh. K. P. Rao, GM - Vindhyachal
 Sh. A.K. Chakraborty, GM- Korba
 Sh. K. Kanan, GM - Kawas
 Sh. S. K. Sinha, GM - Jhanor Gandhar
 Sh. V. K. Jawada, GM - Sipat

HYDRO REGION

Sh. K. B. Dubey, Executive Director (Hydro)
 Sh. T. K. Chatterjee, GM - Koldam
 Sh. R. Krishnamurthy, GM - Tapoban & Loharinag Pala
 Sh. B. Choudhary, GM (Hydro)

NTPC SUBSIDIARIES/JOINT VENTURE COS.

NESCL

Sh. R.C. Srivastava - CEO
 Sh. K.K. Agrawal, GM(Bus. Dev.)

NVVN

Sh. L.V. Rao, CEO
 Sh. S.S. Chakravorty, GM

NTPC HYDRO LTD.

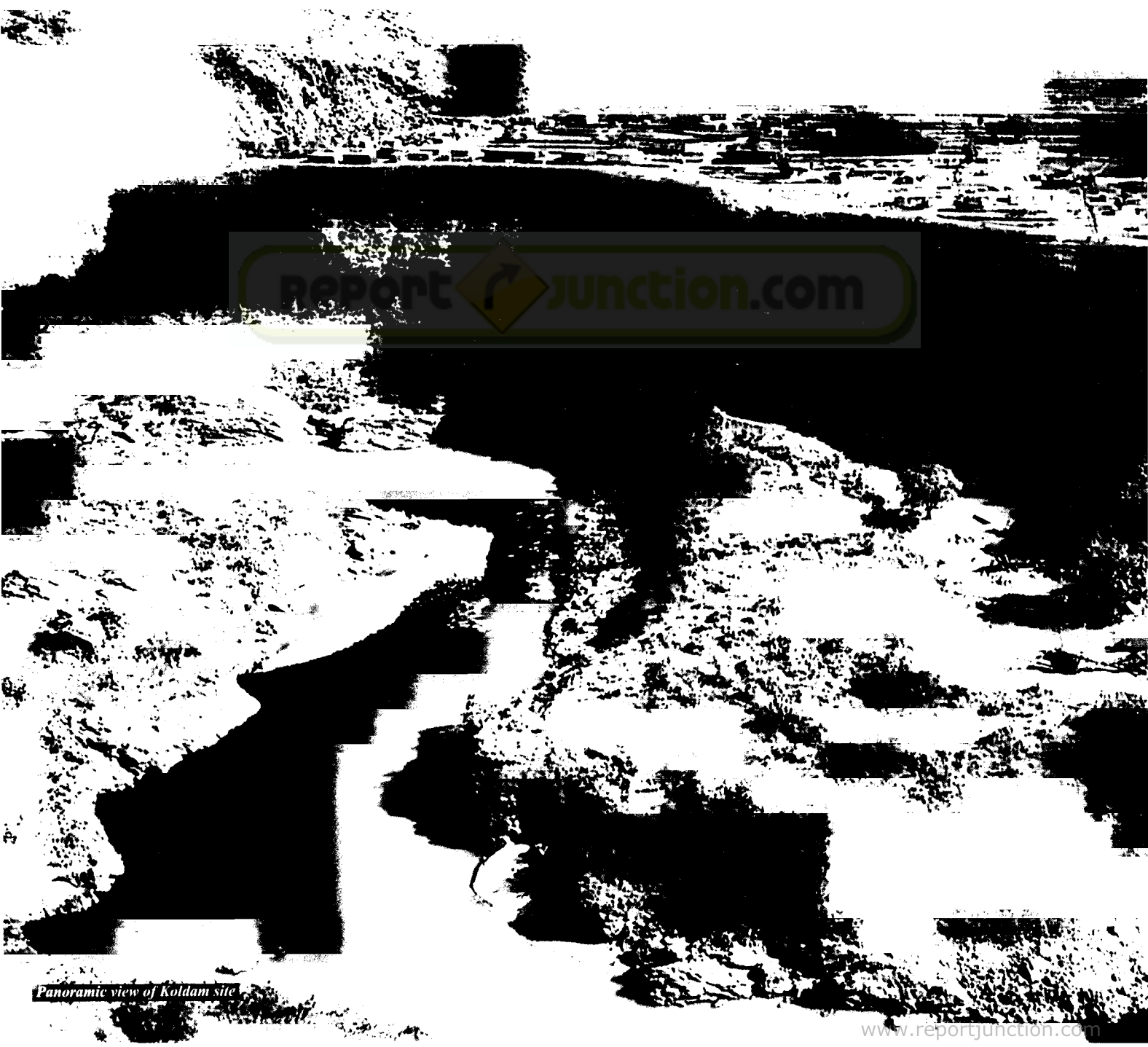
Sh. M.S. Soin, GM (Bus. Dev.)
 Sh. G.S. Rawat, GM (Lata Tapovan)

NSPCL

Sh. T.K. Prasad, CEO

NASL

Sh. L.M. Kapoor, GM



Panoramic view of Koldam site





National Thermal Power Corporation Limited

(A Government of India Enterprise)

NTPC Bhawan, SCOPE Complex
7, Institutional Area, Lodi Road, New Delhi-110 003
Visit us at : www.ntpc.co.in ; www.ntpcindia.com